

MINISTRY BUSINESS PLAN



1999/2000 to 2001/02

Alberta
AGRICULTURE, FOOD AND
RURAL DEVELOPMENT

Ministry of Agriculture, Food and Rural Development

Business Plan

1999/2000 to 2001/02

Additional copies of the Ministry's Three Year Business Plan can be obtained by contacting the department's Administration Division at (780) 427-2151. Also, copies of the Ministry's Research Plan can be obtained by contacting Research Division at (780) 427-1956, and copies of the Ministry's Regulatory Reform Workplan can be obtained by contacting the Policy Secretariat at (780) 422-2070.


Ministry of Agriculture, Food and Rural Development

Business Plan 1999/2000 to 2001/02

Accountability Statement

This Business Plan for the three years commencing April 1, 1999 was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at February 18, 1999 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Ed Stelmach
Minister of Agriculture, Food and Rural Development
February 18, 1999

The Minister of Agriculture, Food and Rural Development is pleased to present the Annual Report for the year 2000-2001. This report provides a comprehensive overview of the department's activities and achievements during the year. It highlights the progress made in various areas, including food safety, rural development, and agricultural research. The report also outlines the department's priorities for the future and the challenges it faces. The Minister expresses his commitment to ensuring the continued growth and prosperity of the agricultural sector in Canada.

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Agriculture, Food and Rural Development

Business Plan 1999/2000 to 2001/02

Table of Contents

Introduction	3
Business Plan Foundation	4
Shared Industry/Government Vision	4
Alberta Growth Summit – 1997	4
Ministry Vision, Mission and Goals	4
Primary Clients	5
Measurable Results	5
Core Business and Key Strategies	6
Business Plan Goals, Key Results, Measures Strategies and Actions	7
Attachments	
Ministry Macro Performance Measures.....	16
Ministry Consolidated Income Statement.....	18

Table of Contents (continued)

Appendices

1. Department of Agriculture, Food and Rural Development Business Plan.....	19
2. Agricultural Financial Services Corporation Business Plan	37
3. Alberta Agricultural Research Institute Business Plan	61
4. Alberta Dairy Control Board Business Plan.....	79
5. Farmers' Advocate and Farm Implement Act Business Plan	91
6. Irrigation Council Business Plan	95
7. Surface Rights Board/Land Compensation Board Business Plan.....	101
8. Agricultural Products Marketing Council Business Plan	105
9. Alberta Grain Commission Business Plan.....	111

Introduction

- ♦ The agri-food sector continues to be a key contributor to Alberta's economic prosperity:
 - ♦ Farm production is Alberta's largest renewable resource-based industry. In 1997, the primary sector generated \$6.4 billion in farm cash receipts, representing 21.5 per cent of Canada's primary agricultural output. Alberta farmers continue to increase their farm cash receipts relative to other provinces. Alberta averaged 20.1 per cent of Canada's primary output between 1989 and 1993.
 - ♦ Secondary agricultural processing, including the food and beverage processing industries, is Alberta's largest manufacturing sector. Shipments also set a new record for output in 1997 at \$7.2 billion. Alberta shipments now represent 12.6 per cent of Canadian food and beverage shipments, up from the average 10.9 per cent over the period 1989 to 1993.
 - ♦ Primary agriculture and the food and beverage manufacturing industry combined were the third largest employer in the province in 1997. Employment in agriculture and food averaged 105,200 people during 1997.
- ♦ The agri-food sector offers significant potential for expansion in the years ahead:
 - ♦ The industry and the Ministry believe there is a global market opportunity for Alberta's industry to grow to \$20 billion in value-added shipments and \$10 billion in farm cash receipts by 2005.
 - ♦ Achieving these growth levels would result in a sizable increase in direct employment in primary production and in the food and beverage sector, as well as contributing to the further development of rural Alberta.
- ♦ The Ministry (which includes the department and nine agencies¹) is committed to working with others to help the industry realize its potential.
- ♦ The Ministry contributes to rural development by encouraging technology adoption, leadership and skill development, economic growth, environmental stewardship, risk management, physical infrastructure and regulations that are aligned with the goals and opportunities of self-reliant communities and industries.
- ♦ This document is the Ministry's sixth three-year business plan. It outlines further refinements to AFRD's programs, policies and procedures to respond to client needs, while dealing with fiscal realities.

¹ The nine agencies reporting to the Minister are Agriculture Financial Services Corporation (AFSC); Alberta Agricultural Research Institute (AARI); Alberta Dairy Control Board (ADCB); Farmers' Advocate; Irrigation Council; Surface Rights Board; Land Compensation Board; Agricultural Products Marketing Council; and Alberta Grain Commission.

- ♦ AFRD contributes to the government's three core businesses - *People, Prosperity and Preservation*. Our primary focus is on the second core business - working with others to promote prosperity for Alberta through a strong, market-driven agriculture and food industry that is sustainable and environmentally responsible. **Agriculture is Growing More Than Food... It's Growing Alberta.**

Business Plan Foundation

Shared Industry/Government Vision

- ♦ AFRD's strategic direction continues to be based on the shared industry/government vision developed through the 1992/93 *Creating Tomorrow* public consultation process and the 1997 renewed public consultation led by the Agriculture and Food Council, which resulted in the following updated vision and goals.

Growing Alberta: Accelerating global competitiveness in food, agriculture and agri-business.

Goal 1: To increase Alberta's share of world food, agriculture and agri-business markets.

Goal 2: To improve sustainable resource and environmental management.

Goal 3: To expand the vision, competency and quality of life of people in the industry.

- ♦ The Agriculture and Food Council was formed as a result of the *Creating Tomorrow* consultation process and includes a broad representation of leaders from industry, government and the educational community. Since 1992/93, the Council has been active in working with Alberta's agriculture and food industry and government to realize the vision.

Alberta Growth Summit - 1997

- ♦ The development of the Ministry business plan was also strongly influenced by the Premier's Growth Summit held in September 1997. During the last year, AFRD has actively reviewed its goals, strategies and actions against the Summit recommendations and other input. The Ministry believes most of its on-going initiatives relate to one or more of the Summit recommendations. However, some gaps have been noted and a number of new initiatives have been or will be introduced that directly respond to the needs identified by Summit participants.

Ministry Vision, Mission and Goals

- ♦ Vision: We are a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.
- ♦ Mission: We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

- ◆ Goals:
 1. Improved access to domestic and world market opportunities.
 2. Improved competitiveness of industry commodities, products and services.
 3. Increased amount of value added to industry commodities, products and services.
 4. Increased diversity of markets and industry commodities, products and services.
 5. Increased capability of industry to manage risk.
 6. Improved environmental stewardship.
 7. Continued excellence in food safety.
 8. Improved management of the Ministry's resources.
- ◆ This business plan introduces a new goal on food safety. A major risk to Alberta's food production and processing sector is the threat of food borne illnesses that can be traced to animal or plant origin and/or poor processing practices. The identification of a new goal, *continued excellence in food safety*, emphasizes the importance of this issue.
- ◆ In addition to the above, a number of AFRD's agencies have developed their own mission and goals, which are compatible with the Ministry's direction.

Primary Clients

- ◆ AFRD will continue to direct most of its efforts towards its primary clients - defined as:
those people and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Measurable Results

- ◆ The outcomes of Ministry programs impact 18 of the government's 27 core performance measures as identified in the 1997/98 Measuring Up document (*Measuring Up: Fourth Annual Report of the Government of Alberta*).
- ◆ In addition, the Ministry's seven overall performance measures reflect change at the macro level. These macro measures with related benchmarks, forecasts and targets are included on pages 17 and 18.
- ◆ Forecasts for 1997 measures as set out in last year's business plan were bettered in the following instances:
 - ◆ value of out-of-province shipments by 18.9 per cent.
 - ◆ value of shipments of food and beverages by 0.7 per cent.
- ◆ Government payments to Alberta farmers were forecast to be \$240 million in 1997. Lower crop insurance payments and lower payments under the Farm Income Disaster Program resulted in only \$196 million being paid out.
- ◆ Farm Cash Receipts for 1997 were forecast to be \$6.4 billion. Actual receipts were \$6.37 billion.

- ♦ The contribution by the agriculture and food industry to the 1997 provincial gross domestic product was estimated at 4.9 per cent, compared to the forecast of 5.2 per cent. Even though the agriculture and food industry had a reasonably good year, Alberta energy sector prices and exports remained strong in 1997. The total gross provincial product for Alberta rose by 6.3 per cent while the contribution by the agriculture and food industry was \$4.046 billion, slightly above the 1996 level.
- ♦ AFRD's department and agencies have also developed specific key results, performance measures and indicators particular to their operations. These are included in their respective business plans.
- ♦ All of these measures are being monitored in an effort to identify opportunities and concerns to guide future actions. The 2001/02 Ministry business plan will have further improvements in performance measurement. Measures in addition to the seven macro measures will have been selected to provide more information on the Ministry's success in achieving its goals.

Core Business and Key Strategies

- ♦ The mission statement describes the Ministry's core business of enabling industry growth. Key Strategies for application in 1999/2000 to 2001/02 include the following:
 - ♦ Develop and administer essential policy and legislation.
 - ♦ Develop new knowledge and technology through research and development.
 - ♦ Package and transfer knowledge and technology.
 - ♦ Provide opportunities for people in industry and the Ministry to increase essential knowledge, skills and abilities.
 - ♦ Develop and implement opportunities for increased effectiveness and greater efficiencies.
 - ♦ Provide essential financial support and offer unique financial services to help customers fulfil their business goals.
 - ♦ Manage public lands for agricultural, industrial, environmental and public benefit.
 - ♦ Facilitate regional development to maximize comparative advantages.
 - ♦ Encourage stronger industry strategic business alliances including value chains.
 - ♦ Promote increased investment in Alberta.
 - ♦ Enhance public awareness and understanding of the industry.
 - ♦ Support and encourage environmental stewardship of Alberta's soil, water and air.
 - ♦ Strengthen the knowledge and skills relating to food safety in the agri-food industry.

- ◆ Further specific strategies and actions for 1999/2000 to 2001/02 are included in the department and agency business plans.

Business Plan Goals, Key Results, Measures, Strategies and Actions

- ◆ The following support goals 1 to 8:
 - ◆ key results, (what we expect to achieve),
 - ◆ measures, (how we will know if we are achieving the goals),
 - ◆ strategies, (how we are going to go about achieving the goals), and
 - ◆ actions (what we are going to do specifically to achieve the goals).

Strategies that directly respond to Growth Summit recommendations are designated with a "★". Other strategies and actions are preceded by a "■".

Goal #1: Improved access to domestic and world market opportunities.

Key Results:	Measures:
<ul style="list-style-type: none"> ◆ Improved ability of Alberta's agri-food industry to assess and respond to market opportunities. ◆ Increased market share in new and existing markets. 	<ul style="list-style-type: none"> ◆ Reduction in barriers which limit market access. ◆ Changes made in policy and legislative areas where change is wanted or desired.

Strategies:

- ★ Increase competitive intelligence, strategic market information and knowledge for use by industry accessing market opportunities.
- ★ Support industries' work in improving market opportunities through trade negotiations.
- ★ Develop and advocate policies that improve market access.
- ★ Strengthen industry capabilities and skills in responding to international trade disputes and/or help overcome trade constraints.

Actions:

- Encourage greater industry market penetration in priority markets through the provision of strategic market information, including competitive intelligence.
- Encourage industry adoption of international food processing standards and quality assurance programs such as Hazard Analysis Critical Control Point.
- Work with industry partners to lobby the Canadian Wheat Board for a dual market.

- Collect animal health information necessary to support continued access to domestic and international markets.
- Improve cost-efficiency and growth in Alberta by marketing AFSC expertise to other jurisdictions in Canada and internationally.
- Work with industry and the federal government on trade policy development and issue resolution.
- Work with agri-food industry partners in the development of a united and market-oriented trade policy position for the 1999 WTO agriculture negotiations.

Goal #2: Improved competitiveness of industry commodities, products and services.

Key Results:	Measures:
<ul style="list-style-type: none"> ◆ Improved ability of Alberta's industry to meet its customers' needs. ◆ Improved industry cost structure 	<ul style="list-style-type: none"> ◆ Alberta's market share for priority production in priority markets. ◆ Production index for priority products.

Strategies:

- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry to be more competitive and market responsive.
- ★ Work with industry to help set up acceptable supply and value chain linkages.
- ★ Use competitive intelligence to increase the availability of strategic market information for use by industry in assessing opportunities.
- ★ Encourage greater private sector involvement in conducting and funding research and in the delivery of information, technology and services.
- ★ Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.

Actions:

- Beginning immediately, consult with all sectors of the agriculture and food industry to identify initiatives that will contribute to the competitiveness of Alberta's agri-food industry. With the federal government's decision to contribute to the costs of delivering Alberta's Farm Income Disaster Program, the province has been able to earmark approximately \$40 million to reinvest in the agriculture and food industry. The new investment will be made during the 1998/99 and 1999/2000 fiscal years.
- In partnership with private and public research organizations, encourage and conduct research that will improve crop and livestock production, while sustaining and improving the environment.
- Strengthen value chain development through initiatives such as the Pork Quality Assurance program.
- Together with industry, expand the delivery of the Ministry's extension and business management information on the Internet through continued development of the award winning "Robin the Web" site (<http://www.agric.gov.ab.ca>).

- In partnership with local municipalities, provide funding, consultation and training to agricultural service boards to enable them to successfully deliver soil and water conservation, weed and pest control, and educational programs.
- Establish a new minimum base grant for all agricultural service boards of \$40,000; additionally, increase all historical grants (including those at the new minimum base) by 10 per cent; and provide additional funding for special weed control projects.
- Ensure the industry's need for trained agricultural workers is supported through partnering with Advanced Education, high schools, colleges, universities and industry to deliver the highly successful Green Certificate farm training program.
- In response to client needs expressed in recent surveys, improve industry competitiveness by continuing to provide unbiased, integrated extension services to the agricultural industry through a network of front line specialists.
- Continue to develop the leadership skills of 4-H members and leaders to ensure the future skills of agricultural leaders strengthen Alberta's competitive position.
- Strengthen the Beginning Farmer Loan Program to improve long-term farm viability.
- Work with irrigation districts, producers, the Prairie Farm Rehabilitation Administration and Environmental Protection to improve on-farm water application efficiencies as part of the Year 2000 Review Assessment of Water Allocation in the South Saskatchewan Basin.
- Encourage the development of electronic identification of livestock by supporting the activities of the newly-privatized Livestock Identification Services Ltd. to enhance Alberta's reputation for security in the livestock marketplace.

Goal #3: Increased amount of value added to industry commodities, products and services.

Key Results:	Measures:
<ul style="list-style-type: none"> ◆ Increased quantity of marketable products processed in Alberta. ◆ Growth and development of the value-added sector 	<ul style="list-style-type: none"> ◆ Dollars invested in value adding in Alberta. ◆ Value of shipments of agriculture and food products within and from Alberta to other provinces and countries.

Strategies:

- ★ Partner with industry in further work in non-food uses of agricultural products.
- ★ Work in partnership with others to develop opportunities, reduce constraints, and encourage new and expanded value-added production in Alberta.
- ★ Develop new value-added technologies for use by Alberta industries.
- ★ Encourage investment in value-added.
- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry increase their value-added capabilities.

Actions:

- Building on the work of the Alberta Growth Summit, continue to share current information on the importance, trends and opportunities in the expanding agribusiness sector, with all the key players in the value chain - producers, investors, processors, distributors and consumers.
- Improve ability to support research in emerging priority areas.
- Continue to work with the management of AVAC Ltd. to encourage the long-term growth and development of the agri-food and fibre sector.
- Through the Food Processing Development Centre and the Agricultural Value-Added Engineering Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.
- Work with partners to help new value added processors to develop business and marketing plans to support the production of new products.
- In cooperation with Municipal Affairs and Transportation and Utilities, support processes for improving municipal infrastructure to accommodate value adding.
- Together with other AFRD partners, identify and match Alberta processors to opportunities for joint ventures, co-packing, private label arrangements, joint marketing or investment alliances.
- Expand market expertise and investment knowledge of AFSC Commercial Financial Services to deliver financial products and services efficiently in key market areas.
- Continue to press the federal government for changes to policies that discourage value adding, including those in the grain sector (for example, establish trade policy that would support value adding through zero-for-zero tariffs in oilseeds products and other manufactured food products).

Goal #4: Increased diversity of markets and industry commodities, products and services.

Key Results:	Measures:
<ul style="list-style-type: none">◆ Increased number of marketable commodities grown, raised and processed in Alberta.◆ Growth in the production and sale of non-traditional commodities, products and services.	<ul style="list-style-type: none">◆ Distribution of exports among markets.◆ Value of production of non-traditional commodities and products.◆ Value of processing of non-traditional commodities and products.

Strategies:

- ★ Continue to encourage more diverse, commercially sustainable production in Alberta.
- Support rehabilitation of irrigation infrastructure and optimal use of water resources allocated to irrigation.
- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry increase diversity.
- ★ Encourage development of non-food, nutraceutical and pharmaceutical uses of agricultural products.

Actions:

- Conduct and fund research and development into diversified crops, livestock and food products.
- Facilitate the development and commercialization of plant biotechnology in Alberta.
- Encourage new crop diversification initiatives in partnership with Agriculture and Agri-Food Canada, and the private sector.
- Develop crop insurance for new and emerging crops.
- Support expansion of irrigation to increase opportunities for diversification and value added processing.
- Continue to fund the Municipal Industrial Wastewater Infrastructure Program for Agricultural Processing.
- Review irrigation district rehabilitation proposals and monitor construction projects in support of the Irrigation Council's management of the Irrigation Rehabilitation Program.
- Attract creative ideas and research proposals for improving the industry through the operation of AARI research programs.
- Ensure that appropriate financial and risk management instruments are available to support new markets, commodities and products.

Goal #5: Increased capability of industry to manage risk.

Key Results:	Measures:
<ul style="list-style-type: none">◆ Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry.◆ Effective safety net programs compatible with international trade obligations.	<ul style="list-style-type: none">◆ Reference margins in Farm Income Disaster Program (FIDP) applications compared to program margins plus program payments.◆ Government program payments as a per cent of farm cash receipts.◆ Variation of net cash income.◆ Results from risk management survey.◆ Resolution of policies and regulations which increase risk or constrain industry's ability to manage risk.

Strategies:

- ★ Encourage increased knowledge and skills that develop independence and self-reliance and minimize risk from adverse events.
- Provide Alberta's agri-industry with unique financial services.
- Provide Alberta farmers with an effective and efficient crop insurance program.
- Offer Alberta farmers effective and efficient whole-farm safety net programs.
- ★ Advocate changes to remove policies and regulations that increase risk or constrain the industry's ability to manage risk.

Actions:

- Develop and implement a plan to increase industry's capability to manage risk.
- Explore the combination of crop insurance and FIDP as a whole farm program with a premium attached.
- Implement private sector crop reinsurance and monitor results over the next three years, and incorporate changes into future negotiations with the private sector.
- Research, develop and evaluate insurance coverage concepts that allow customers greater flexibility to customize insurance protection to their business needs.
- Through the Year 2000 Irrigation Review, improve the capability of irrigation districts to manage water and assess risks associated with potential water shortages.
- Develop an agriculture drought preparedness and response plan in consultation with Environmental Protection, Prairie Farm Rehabilitation Administration, municipalities and industry.
- Negotiate a new set of federal provincial safety net agreements by April 1, 2000.
- Continue to develop unique, specialized financial products and services for the commercialization of new value added businesses.

Goal #6: Improved environmental stewardship.

Key Results:	Measures:
<ul style="list-style-type: none">◆ Improved sustainability of soil and water resources.◆ Increased practices that improve and sustain the quality of the public land resource.◆ Increased sustainable use of public lands by agriculture, other industries, the public and wildlife.	<ul style="list-style-type: none">◆ Land productivity index.◆ Per cent of tests from a network of monitoring sites in representative agricultural water sheds that meet Alberta/Canada water quality guidelines.◆ Range sustainability: average per cent utilization of allocated grazing capacity.

Strategies:

- ★ Increase awareness of potential environmental problems and damage caused by unsound management practices.
- ★ Partner with the agriculture and food industry to improve animal waste management.
- ★ Encourage the agriculture and food industries to incorporate environmental stewardship into their business plans.
- ★ Improve the knowledge and information of the benefits of improved cropping and grazing practices.
- ★ Improve adoption of management practices consistent with regulation and codes of practice.
- ★ Strengthen industry commitment to, and care of, the environment.

- ★ Develop and extend technologies and management practices that protect and enhance soil, water, air and other natural resources.
- ★ Monitor the impact of the agriculture and food industry on soil, water and the larger ecosystem.
- Manage White Area public lands for the long-term benefit of the agriculture industry, other industries and the public, by maintaining a balance of development, use and conservation.
- ★ Enhance public awareness and understanding of improved environmental stewardship.

Actions:

- Through the ongoing work of the Livestock Expansion and Development Team and other cooperative initiatives, continue research to improve management systems for confinement livestock operations that minimize environmental concerns.
- Implement a new regulatory approach to intensive livestock operations.
- Increase efforts to develop an understanding of the potential impacts of the Kyoto agreement on agriculture in Alberta and develop options for the ability of industry to respond.
- Develop and communicate best management practices for manure and runoff management for feedlot operations and cow-calf wintering sites.
- Work with Environmental Protection and other government departments to implement an Integrated Resource Management program which fosters sustainable resource management.
- Participate in the implementation of government policy resulting from the Agricultural Lease Review Committee's recommendations.
- Collaborate with Environmental Protection to manage public land agricultural dispositions in a manner which assists the sustained development of the agricultural industry, while responding to the needs of other users.
- Work with Environmental Protection, partners and customers to deliver the Special Places Program.

Goal #7: Continued excellence in food safety resources.

Key Results:	Measures:
<ul style="list-style-type: none"> ◆ Safe food from production to consumption. ◆ Increased consumer confidence in the safety of Alberta's food products. 	<ul style="list-style-type: none"> ◆ Incidence of food safety problems. ◆ Per cent production of food processing firms that have adopted the Hazard Analysis Critical Control Point (HACCP) program. ◆ Total production from farms which have adopted the HACCP program.

Strategies:

- ★ Expand knowledge of food safety.
- ★ Develop new knowledge and technology through research and development.
- ★ Promote adoption of "world class" food safety systems throughout the food chain.
- ★ Communicate to industry and consumers, standards for food safety.

- Quick response to food safety problems.

Actions:

- Conduct research into food safety issues that have implications for livestock and crop production.
- Provide animal health, contaminant and residue information that promotes quality and consumer confidence in Alberta food products.
- Encourage the implementation of the HACCP program on farms producing horticultural and special crops, and in food processing plants.
- Maintain and expand the facilities and technical skills to enhance the Ministry's ability to lead the development of safe food processing.
- Foster the implementation of quality assurance programs from production to retailing.
- Provide international export expertise on food safety and quality issues.
- Participate with the federal, provincial and municipal teams on the development and implementation of an integrated meat inspection system.

Goal #8: Improved management of the Ministry's resources.

Key Results:	Measures:
<ul style="list-style-type: none"> ♦ Competent, versatile employees. ♦ Optimal use of financial and capital resources. ♦ Client satisfaction with Ministry services and products. 	<ul style="list-style-type: none"> ♦ Budget targets met. ♦ Training days per FTE. ♦ Results from Staffspeak. ♦ Results from client survey.

Strategies:

- ★ Continue to enhance knowledge and information through Knowledge Management.
- ★ Integrate planning and program development with other Ministries.
- ★ Explore partnership alliances for the better integration of human and fiscal resources.
- Improve:
 - Business planning and implementation.
 - Human resource development planning and programming.
 - Fiscal responsibility and accountability.
- ★ Ensure Ministry's priority activities and outputs are met.
- ★ Provide effective corporate communications to Ministry staff.

Actions:

- Continue to work with the Agriculture and Food Council and the Alberta Economic Development Authority's Agriculture Committee to integrate strategic plans and policies within the industry's vision and goals.

- Focus the Human Resource Development Plan on the Ministry's future people needs and government-wide priorities by way of the following actions:
 - Emphasize and support continuity of leadership through innovative programs and activities.
 - Foster a continuous learning culture through the sharing and application of information and knowledge.
 - Promote corporate values that reflect the future direction for the Ministry and expectations of employees and managers.
 - Encourage developmental initiatives and training through planning at the employee level and support for priority education and training.
 - Support staff recognition, development and competency learning.
 - Train staff in corporate competencies related to business plan development and implementation.
- Implement Knowledge Management to strengthen the Ministry's efficiency and capability in harvesting, storing, managing and sharing information with the objective of providing better client service.
- Continue to review and manage the public lands revenue sharing agreement with Environmental Protection.
- Re-engineer AFSC service delivery and business processes and leverage information technology investments.
- Rewrite and integrate insurance systems to allow customers to access the systems and to process transactions electronically.
- Reduce the length of application, processing times, and administrative costs for the Farm Income Disaster Program.
- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices and assess the feasibility of further office amalgamations with other agricultural agencies.
- Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation by reviewing the formula to allocate provincial cost shared funds to irrigation districts.
- Participate in regulatory reviews with provincial, federal and municipal government agencies to implement the Meat Task Force recommendations and remove duplicate services.
- Examine new ways of structuring the department to use resources more effectively and to reflect growing public interest in environmental and food safety issues.

Attachment 1: Ministry Macro Performance Measures

Note: Unless otherwise stated, the 1989-93 benchmarks for all measures are five-year averages for 1989 to 1993. Sources for data are Statistics Canada and Alberta Agriculture, Food and Rural Development. This time period was selected as the most typical period in agriculture relative to overall production and prices for agriculture products.

1. Percentage of Canadian Farm Cash Receipts Alberta farmers and ranchers account for.

Income received by farmers and ranchers from the sale of products is called farm cash receipts. Government payments, which make up less than four per cent of receipts, are also included. This measure shows how Alberta farmers and ranchers are doing relative to other Canadian farmers and ranchers they compete against.

Alberta Farm Cash Receipts

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Total Receipts (\$'000,000)	4,604	6,460	6,370	6,448	6,635	6,500	6,800
Alberta as % of Canada	20.1	22.5	21.5	22.1	22.3	21.7	22.2

2. Net Cash Income of Alberta farmers and ranchers.

Net Cash Income is derived by subtracting operating expenses (after rebates) from total cash receipts. This is the amount of cash remaining to cover the non-interest part of mortgage payments, purchase capital items, meet living expenses, accumulate savings, and cover other non-farm expenses.

Net Cash Income

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Total Net Cash Income (\$'000,000)	1,030	1,768	1,545	1,589	1,713	1,500	1,600
Alberta as % of Canada	19.5	27.4	22.8	24.4	25.6	22.7	22.9

3. Percentage contributed by Alberta's food and beverage industry of Canada's total value of shipments.

Income received by Alberta's agri-business processing and manufacturing firms is called value of shipments. This measure shows how Alberta businesses are doing relative to other Canadian businesses. Alberta processors have to compete with other firms across Canada both in the international marketplace as well as within Canada.

Alberta Food and Beverage Industries' Value of Shipments

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Total Value of Shipments (\$'000,000)	4,867	6,620	7,249	7,500	8,300	9,500	11,000
Alberta as a % of Canada	10.9	12.9	12.6	13.3	14.1	14.6	15.7

4. Value of Shipments of agriculture and food products from Alberta to other provinces and countries.

This measure is a reflection of the Alberta agriculture and food industry's success in trade, that is their effectiveness in shipping agricultural and food products out of Alberta to other provinces and other countries.

Value of Out-of-Province Shipments of Agriculture and Food Products

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Total Value of shipments (\$'000,000)	4,141	7,447	7,964	7,500	7,600	8,000	9,000

5. Importance of Alberta agriculture, food and beverage industries relative to Alberta's gross domestic product.

Agriculture and food industries constitute the largest of Alberta's renewable resources. The comparison of this sector to other sectors in the Alberta economy illustrates its growth and potential.

Contribution to Alberta's Gross Domestic Product

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
% of total Gross Domestic Product	4.8	5.2	4.9	5.1	5.2	5.3	5.4

6. Employment in agriculture and food.

This measure illustrates changes in the level of employment. The agriculture, food and beverage manufacturing industry was the third largest employer in the province in 1997.

Employment (thousands of Albertans)

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Primary Agriculture	88.0	96.0	85.9	84.4	88.0	90.0	98.0
Food and Beverage	17.3	20.2	19.3	19.8	21.0	23.0	26.0
Total	105.3	116.2	105.2	104.2	109.0	113.0	124.0

7. Alberta land productivity indicator.

This measure records changes in long-term land productivity as indicated by annual crop output. Although year-to-year changes in productivity occur due to variation in the weather, the long-term average is used to show trends.

Output (tonnes/acre)

	1989-1993 Benchmark	1996 Actual	1997 Actual	1998 Estimate	1999 Forecast	2000 Forecast	2002 Target
Indicator	0.783	0.927	0.924	0.921	0.970	0.972	0.980

(Note: This indicator is the best available proxy for long-term land productivity. Crop production per acre for the various crops grown in the province was converted to a standard base - tonnes per acre of wheat. This conversion allows for the difference in yields of the various crops. Although soil degradation is still a concern on some lands, most producers use sound land management practices that will ensure long-term sustainability of agriculture in Alberta.)

Attachment 3: Ministry Consolidated Income Statement

(\$000)	Comparable					
	1997/98 Actual	1998/99 Estimates	1998/99 Forecast	1999/00 Estimates	2000/01 Target	2001/02 Target
REVENUE						
Internal Government Transfers	10,199	10,230	11,230	50,430	55,930	45,430
Transfers from Government of Canada	100,537	78,946	115,868	97,902	63,612	63,094
Investment Income	82,166	63,339	70,424	68,775	69,758	72,555
Premiums, Fees and Licences	90,904	99,014	92,100	89,239	89,998	91,312
Other Revenue	81,741	52,931	55,546	54,473	54,522	54,471
Consolidated Revenue	365,547	304,460	345,168	360,819	333,820	326,862
EXPENSE						
Programs:						
Farm Income Support	87,664	103,220	110,739	136,086	105,497	106,032
Lending	12,550	15,524	16,631	17,845	18,259	18,981
Insurance	123,863	202,871	158,104	195,591	201,236	205,284
Departmental Support Services	16,666	19,538	16,281	17,527	17,227	16,882
Planning and Development	16,794	18,339	19,180	19,303	19,587	19,587
Production, Processing and Marketing	39,418	36,077	38,031	36,297	37,068	37,124
Field Services	36,529	38,035	40,224	41,041	40,938	40,703
Public Lands	11,282	10,389	10,356	10,400	9,600	9,600
Agricultural Research Assistance	11,072	12,254	12,260	11,409	10,814	10,724
Infrastructure Assistance	14,702	17,200	27,200	23,200	28,700	19,000
Restricted Expense and Quota Exchange	62,518	47,952	47,860	47,904	47,904	47,904
Other	8,263	-	-	-	-	-
Valuation Adjustments	(3,548)	1,850	1,850	1,630	2,010	2,020
Consolidated Program Expense	437,773	523,249	498,716	558,233	538,840	533,841
Debt Servicing Costs						
Agriculture Financial Services Corporation	61,080	60,075	55,983	55,135	56,202	50,920
Consolidated Expense	498,853	583,324	554,699	613,368	595,042	584,761
GAIN ON DISPOSAL OF CAPITAL ASSETS	(1)	-	-	-	-	-
NET REVENUE (EXPENSE)	(133,307)	(278,864)	(209,531)	(252,549)	(261,222)	(257,899)

Appendix 1: Department of Agriculture, Food and Rural Development

Business Plan 1999/2000 to 2001/02

Table of Contents

Introduction20

Highlights for 1999/200020

Measurable Results21

Our Values.....22

Key Results, Measures, Strategies and Actions.....22

Financial Plan35

Introduction

- ♦ The department's sixth, three-year business plan continues to build on previous plans. The plan sets out department strategies and actions through to 2001/02 to help achieve Ministry goals and meet the Ministry's mission. The plan is consistent with overall government direction. It continues to be customer-driven, reflecting a broad range of input, as expressed through a number of formal and informal consultation processes.
- ♦ The department fully believes the agriculture and food sector offers the opportunity for strong growth in the years ahead. This growth will be led by an expanding value-added sector, which in turn will lead to growth in the primary industries and the further development of rural Alberta. Increased primary production and the potential for increase, as in the case of hogs and specialty crops such as potatoes, will attract investment in processing opportunities.
- ♦ The department is committed to the Ministry's mission:

We will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services.

- ♦ In addition, it has adopted and contributes to the eight Ministry goals.
 1. Improved access to domestic and world market opportunities.
 2. Improved competitiveness of industry commodities, products and services.
 3. Increased amount of value added to industry commodities, products and services.
 4. Increased diversity of markets and industry commodities, products and services.
 5. Increased capability of industry to manage risk.
 6. Improved environmental stewardship.
 7. Continued excellence in food safety.
 8. Improved management of the Ministry's resources.
- ♦ This business plan introduces a new goal on food safety. A major risk to Alberta's food production and processing sector is the threat of food borne illnesses that can be traced to animal or plant origin and/or poor processing practices. The identification of a new goal, continued excellence in food safety, emphasizes the importance of this issue.

Highlights for 1999/2000

- ♦ Beginning immediately, consult with all sectors of the agriculture and food industry to identify initiatives that will contribute to the competitiveness of Alberta's agri-food industry. With the federal government's decision to contribute to the costs of delivering Alberta's Farm Income Disaster Program, the province has been able to earmark approximately \$40 million to reinvest in the agriculture and food industry. The new investment will be made during the 1998/1999 and 1999/2000 fiscal years.
- ♦ In cooperation with Municipal Affairs and Transportation and Utilities, support processes for improving municipal infrastructure to accommodate value adding.

- ◆ Support research in emerging priority areas.
- ◆ Implement the Municipal Industrial Wastewater Infrastructure for Agricultural Processing Program.
- ◆ Encourage the development of electronic identification of livestock by supporting the activities of the newly-privatized Livestock Identification Services Ltd. to enhance Alberta's reputation for security in the livestock marketplace.
- ◆ Increase efforts to develop an understanding of the potential impacts of the Kyoto agreement on agriculture in Alberta and develop options which enhance the ability of industry to respond.
- ◆ Implement government policy resulting from the Agricultural Lease Review Committee's recommendations.
- ◆ Implement a new regulatory approach to intensive livestock operations.
- ◆ Support expansion of irrigation to increase opportunities for diversification and value added processing.
- ◆ Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation by reviewing the formula to allocate provincial cost-shared funds to irrigation districts.
- ◆ Develop private sector capability to provide routine veterinarian diagnostic services, and transfer routine diagnostic services to the private sector.
- ◆ Participate with the federal, provincial and municipal teams on the development and implementation of an integrated meat inspection system.
- ◆ Amend section 39 of the Surface Rights Act to reduce government liability for payments required under the Act by the end of 2000/2001.
- ◆ Establish a new minimum base grant for all agricultural service boards of \$40,000; additionally, increase all historical grants (including those at the new minimum base) by 10 per cent; and provide additional funding for special weed control projects.
- ◆ Examine new ways of structuring the department to use resources more effectively and to reflect growing public interest in environmental and food safety issues.

Measurable Results

- ◆ The importance of having meaningful measures to monitor progress is recognized by staff.
- ◆ The department supports the seven macro measures included in the Ministry plan, which are good overall measures to reflect industry change in line with defined goals. In addition:

- ♦ the department has developed indicators for each of the eight goals as outlined in the "Action Plans" which follow, and has identified measures for each of these indicators;
 - ♦ divisions and branches continue to develop sets of measures specific to their areas; and
 - ♦ employees have been encouraged to identify measures related to their individual performance, as part of the Employee Performance Development Process.
- ♦ All of these measures will be monitored to support strategic and operational planning and decision making. The 2001/02 business plan will have further improvements in performance measurement. Measures in addition to the seven macro measures will have been selected to provide more information on the Department's success in achieving its goals.

Our Values:

The values that staff and managers have are vital to quality service, productivity and morale. The successful achievement of the key results for Goal 8: Improved Management of the Ministry's Resources, is tied to the following values:

- ♦ As employees, we are:
 - accountable for achieving the business plan
 - corporate players
 - respectful of others
 - client-driven
 - committed to high performance
 - continually seeking improvement in changing the environment
 - committed to developing effective partnerships
- ♦ As managers, we also:
 - measure results
 - develop clear direction with our employees
 - work towards enhancing employee excellence and morale
 - demonstrate confidence in our employees' abilities

Key Results, Measures, Strategies and Actions

- ♦ The following support goals 1 to 8:
 - key results, (what we expect to achieve),
 - measures, (how we will know if we are achieving the goals),
 - strategies, (how we are going to go about achieving the goals), and
 - actions (what we are going to do specifically to achieve the goals).

Strategies that directly respond to Growth Summit recommendations are designated with a "★". Other strategies and actions are preceded by a "■".

Goal #1: Improved access to domestic and world market opportunities.

Key Results:	Measures:
<ul style="list-style-type: none">■ Improved ability of Alberta's agri-food industry to assess and respond to market opportunities.■ Increased market share in new and existing markets.	<ul style="list-style-type: none">■ Reduction in barriers which limit market access.■ Changes made in policy and legislative areas where change is wanted or desired.

Strategies:

- ★ Increase competitive intelligence, strategic market information and knowledge for use by industry accessing market opportunities.
- ★ Support industries' work in improving market opportunities through trade negotiations.
- ★ Develop and advocate policies that improve market access.
- ★ Strengthen industry capabilities and skills in responding to international trade disputes and/or help overcome trade constraints.

Actions:

Market Opportunities, Information, and Access:

- Develop timely, accurate and accessible market access information and ensure clients and partners are aware of market opportunities and constraints.
- Continue to allocate most market intelligence and research development resources towards priority geographic areas and priority products.
- Encourage greater industry market penetration in priority markets through the provision of strategic market information, including competitive intelligence.
- Encourage industry adoption of international food processing standards and quality assurance programs such as Hazard Analysis Critical Control Point.
- Collect animal health information necessary to support continued access to domestic and international markets.
- Facilitate movement of livestock and livestock products between the US and Canada while maintaining health protocols.
- Develop new varieties of barley, triticale and winter wheat with special qualities to meet the needs of industry and develop new market opportunities.

Policy Adjustment:

- Work with industry partners to lobby the Canadian Wheat Board for a dual market.
- Work with industry and the federal government on trade policy development and issue resolution.
- Work with agri-food industry partners in the development of a united and market-oriented trade policy position for the 1999 WTO agriculture negotiations.
- Advocate further reductions in interprovincial trade barriers by supporting an expansion in the scope and coverage of the internal trade agreement.

- Participate in the Canada Grains Council and other organizations to advocate for an acceptable international biotechnology protocol.

Goal #2: Improved competitiveness of industry commodities, products and services.

Key Results	Measures
♦ Improved ability of Alberta's industry to meet its customers' needs.	♦ Alberta's market share for priority production in priority markets.
♦ Improved industry cost structure.	♦ Production index for priority products.

Strategies:

- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry to be more competitive and market responsive.
- ★ Work with industry in helping them establish acceptable supply and value chain linkages.
- ★ Use competitive intelligence to increase the availability of strategic market information for use by industry in assessing opportunities.
- ★ Encourage greater private sector involvement in conducting and funding research and in the delivery of information, technology and services.
- ★ Develop and administer an improved legislative, regulatory and policy environment that enhances competitiveness.

Actions:

New Information and Technology:

- Beginning immediately, consult with all sectors of the agriculture and food industry to identify initiatives that will contribute to the competitiveness of Alberta's agri-food industry. With the federal government's decision to contribute to the costs of delivering Alberta's Farm Income Disaster Program, the province has been able to earmark approximately \$40 million to reinvest in the agriculture and food industry. The new investment will be made during the 1998/1999 and 1999/2000 fiscal years.
- In partnership with private and public research organizations, encourage and conduct research that will improve crop and livestock production, while sustaining and improving the environment.
- Support and further develop research and technology transfer partnerships with other government departments, universities, Agriculture Canada and industry organizations.
- Continue the emphasis of the Alberta Farm Machinery Research Centre toward the evaluation of complete systems (cropping, harvesting, storage, processing).
- Support precision farming research and technology transfer.
- Support industry-directed genetic improvement research and development for crops and livestock.
- Strengthen value chain development through initiatives such as the Pork Quality Assurance program.

Technology Transfer and Skill Development:

- Support industry's competitiveness through the department's core capabilities in key technology, knowledge and skill areas.
- In conjunction with industry and other stakeholders, continue to offer quality educational programs, conferences and resource materials.
- Together with industry, develop and implement user-friendly electronic communications:
 - Expand the delivery of the Department's extension and business management information on the Internet through continued development of the award winning "Ropin the Web" site.
 - Maintain and further develop an Internet home page for each field office within AFRD's Web site.
- Encourage further development of private sector capability for laboratory and quality assurance through initiatives such as privatization of routine veterinary postmortems and the Western Canada Sample Exchange Program..
- Promote the humane care and responsible use of animals through partnership, regulation and research.
- In response to client needs expressed in recent surveys, improve industry competitiveness by continuing to provide unbiased, integrated extension services to the agricultural industry through a network of front line specialists.
- In partnership with local municipalities, provide funding, consultation and training to agricultural service boards to enable them to successfully deliver soil and water conservation, weed and pest control, and educational programs.
- Establish a new minimum base grant for all agricultural service boards of \$40,000; additionally, increase all historical grants (including those at the new minimum base) by 10 per cent; and provide additional funding for special weed control projects.
- Ensure the industry's need for trained agricultural workers is supported through partnering with Advanced Education, high schools, colleges, universities and industry to deliver the highly successful Green Certificate farm training program.
- Continue to develop the leadership skills of 4-H members and leaders to ensure the future skills of agricultural leaders strengthen Alberta's competitive position.

Industry and Consumer Awareness:

- In partnership with industry, develop agricultural education awareness resources and train educators.

Regulatory and Policy Framework:

- Strive to keep the overall costs of doing business in Alberta more competitive than elsewhere in North America - The Alberta Advantage.
- Advocate implementation of the Estey recommendations that address Alberta producer concerns.
- Respond to the needs and opportunities that arise in the industry in response to the federal decision respecting the federal hopper cars.
- Work with industry and other governments to ensure the effective use of industry development funds made available under the Agricultural Safety Net Management Agreement.
- Continue to implement the Department's regulatory reform work plan and initiate the second five year review of marketing plans and regulations of Boards and Commissions in 2001.

- Encourage the development of electronic identification of livestock by supporting the activities of the newly-privatized Livestock Identification Service Ltd. to enhance Alberta's reputation for security in the livestock marketplace.
- Work with irrigation districts, producers, the Prairie Farm Rehabilitation Agency and Environmental Protection to improve on-farm water application efficiencies as part of the Year 2000 Review Assessment of Water Allocation in the South Saskatchewan Basin.
- Develop and implement farm safety and health programs in partnership with sponsors, the media, farm organizations, and other governments.
- Provide consultation, training and educational programs to agri-food businesses and rural organizations to facilitate industry and rural development.

Goal #3: Increased amount of value added to industry commodities, products and services.

Key Results	Measures
<ul style="list-style-type: none"> ◆ Increase quantity of marketable products processed in Alberta. ◆ Growth and development of the value-added sector 	<ul style="list-style-type: none"> ◆ Dollars invested in value adding in Alberta. ◆ Value of shipments of agriculture and food products within and from Alberta to other provinces and countries.

Strategies:

- ★ Partner with industry in further work in non-food uses of agricultural products.
- ★ Work in partnership with others to develop opportunities, reduce constraints, and encourage new and expanded value-added production in Alberta.
- ★ Develop new value-added technologies for use by Alberta industries.
- ★ Encourage investment in value-added.
- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry increase their value-added capabilities.

Actions:

Value Added:

- Building on the work of the Alberta Growth Summit, continue to share current information on the trends and opportunities in the expanding agribusiness sector, with all the key players in the value chain - producers, investors, processors, distributors and consumers.
- Continue to work with the management of AVAC Ltd. to encourage the long-term growth and development of the agri-food and fibre sector.
- Improve ability to support research in emerging priority areas.
- Increase the value-added industry's ability to attract equity capital by placing greater emphasis on attracting new investment, promoting investment opportunities, working with investors and identifying sources of capital in new markets.

- Through the Food Processing Development Centre and the Agricultural Value-Added Engineering Centre, partner with industry to conduct research, produce information, and encourage the adoption of new or better value added processes.
- Work with partners to help new value added processors to develop business and marketing plans to support the production of new products.
- In cooperation with Municipal Affairs, support process for improving municipal infrastructure to accommodate value adding.
- Encourage strong industry strategic business alliances and value chains.
- Work with industry partners to develop Quality Assurance programs in pork and poultry, beef and dairy.
- In partnership with industry, develop new food and industrial uses for Alberta's cereal grains and the development of new grains for specific markets.
- Increase farm gate value, employment and infrastructure related to horticultural and special crop processing.
- Assess opportunities in food service sector and develop expertise to assist clients to take advantage of opportunities.
- Investigate and pursue further processing opportunities of industrial or non-food products and new uses for agricultural commodities.
- Together with other AAFRD partners, identify and match Alberta processors to opportunities for joint ventures, co-packing, private label arrangements, joint marketing or investment alliances.
- Provide problem solving and issue resolution services to allow existing investment in plants to grow and expand.
- Continue to provide a provincial mechanism to bring new value added products to market through the Taste of Success program.
- Assist industry to develop management practices that will encourage sustainable development and facilitate safe, effective and efficient use of agricultural by-products.
- Develop technology and information on the performance of alternative harvesting, conditioning and storage systems that will increase the value of grains, feeds, forages and speciality crops.
- Identify value added business target markets and business prospects, along with capital requirements and develop strategies to enable entrepreneurs to access capital to start or expand businesses in Alberta.

Policy:

- Continue to press the federal government for changes to policies that discourage value adding, including those in the grain sector (for example, establish trade policy that would support value adding through zero-for-zero tariffs in oilseeds products and other manufactured food products).

Goal #4: Increased diversity of markets and industry commodities, products and services.

Key Results	Measures
<ul style="list-style-type: none">◆ Increased number of marketable commodities grown, raised and processed in Alberta.◆ Growth in the production and sales of non-traditional commodities, products and services.	<ul style="list-style-type: none">◆ Distribution of exports among markets.◆ Value of production of non-traditional commodities and products.◆ Value of processing of non-traditional commodities and products.

Strategies:

- ★ Continue to encourage more diverse, commercially sustainable production in Alberta.
- Support rehabilitation of irrigation infrastructure and optimal use of water resources allocated to irrigation.
- ★ Improve the transfer of integrated and unbiased technology and knowledge to assist industry to increase diversity.
- ★ Encourage development of non-food, nutraceutical and pharmaceutical uses of agricultural products.

Actions:

Diversification:

- Conduct and fund research and development into diversified crops, livestock and food products.
- Facilitate the development and commercialization of plant biotechnology in Alberta.
- Implement the Municipal Industrial Wastewater Infrastructure for Agricultural Processing program.
- Support expansion of irrigation to increase opportunities for diversification and value added processing.
- In conjunction with Alberta's Irrigation Districts, develop a comprehensive set of maintenance guidelines to ensure investment in irrigation infrastructure is protected for the long term.
- Continue to develop unique, specialized financial products and services for the commercialization of new value added businesses.
- Encourage new crop diversification initiatives in partnership with Agriculture and Agri-Food Canada, and the private sector.
- Ensure that appropriate financial and risk management instruments are available to support new markets, commodities and products.

Goal #5: Increased capability of industry to manage risk.

Key Results	Measures
<ul style="list-style-type: none">◆ Increased use of new and existing marketing, processing, production and financial risk management information and tools by the industry.◆ Effective safety net programs compatible with international trade obligations.	<ul style="list-style-type: none">◆ Reference margins in FIDP applications compared to program margins plus program payments.◆ Government program payments as a per cent of farm cash receipts.◆ Variation of net cash income.◆ Results from risk management survey.◆ Resolution of policies and regulations which increase risks or constrains industry's ability to manage risk.

Strategies:

- ★ Encourage increased knowledge and skills that encourage independence and self-reliance and minimize risk from adverse events.
- Provide Alberta's agri-industry with unique financial services.
- Provide Alberta farmers with an effective and efficient crop insurance program.
- Offer Alberta farmers an effective and efficient whole-farm safety net programs.
- ★ Advocate for changes or removal of policies and regulations which increase risks or constrains industry's ability to manage risk.

Actions:

Risk Management Information:

- Provide information and training to increase the awareness and understanding of risk management tools through initiatives such as the Canada-Alberta Farm Business Management Program.
- Encourage optimum irrigation district development compatible with licensed water volumes and acceptable levels of risk.
- Work with industry to lower risk through the adoption of new and improved crop production and protection practices by producers.
- Develop and implement a plan to increase industry's capability to manage risk.
- Through the Year 2000 Irrigation Review, improve irrigation districts capability to manage water and assess risks associated with potential water shortages.
- Develop an agriculture drought preparedness and response plan in consultation with Environmental Protection, Prairie Farm Rehabilitation Agency, municipalities and industry.

Safety Nets:

- Negotiate a new set of federal provincial safety net agreements by April 1, 2000.
- Conduct an evaluation of disaster assistance responses affecting agriculture.

Goal #6: Improved environmental stewardship.

Key Results	Measures
<ul style="list-style-type: none">♦ Improved sustainability of soil and water resources.♦ Maintenance and improvement in the quality of public land resources.♦ Increased sustainable use of public lands by agriculture, other industries, the public and wildlife.	<ul style="list-style-type: none">♦ Land productivity index.♦ Per cent of tests from a network of monitoring sites in representative agricultural watersheds that meet Alberta/Canada water quality guidelines.♦ Range sustainability: average per cent utilization of allocated grazing capacity.

Strategies:

- ★ Increase awareness of potential environmental problems and damage caused by unsound management practices.
- ★ Partner with the agriculture and food industry to improve animal waste management.
- ★ Encourage the agriculture and food industries to incorporate environmental stewardship into their business plans.
- ★ Improve the knowledge and information of the benefits of improved cropping and grazing practices.
- ★ Improve adoption of management practices consistent with regulation and codes of practice.
- ★ Strengthen industry commitment to, and care of, the environment.
- ★ Develop and extend technologies and management practices that protect and enhance soil, water and other natural resources.
- ★ Monitor the impact of the agriculture and food industry on soil, water and the larger ecosystem.
- Manage White Area public lands for the long-term benefit of the agriculture industry, other industries and the public, by maintaining a balance of development, use and conservation.
- ★ Enhanced public awareness and understanding of improved environmental stewardship.

Actions:

Resource Stewardship:

- Through the ongoing work of the Livestock Expansion and Development Team and other cooperative initiatives, continue research to improve management systems for confinement livestock operations that minimize environmental concerns.
- Partner with other agencies to facilitate improved management of riparian areas on agricultural lands.
- Partner with other departments, associations and industry to support the management of woodlots in an environmentally sustainable manner.
- Develop and communicate better management practices which maintain or improve natural biodiversity and protect natural areas.
- Implement a new regulatory approach to intensive livestock operations.

- Determine the effectiveness of agricultural soils as a carbon sink for the reduction of greenhouse gases.
- Develop and communicate best management practices for manure and runoff management for feedlot operations and cow-calf wintering sites.
- Encourage environmentally sustainable processing practices in the industry through the Alberta Environmentally Sustainable Agriculture Processing Based Program and other initiatives.
- Participate as a foundation partner in Phase II of the Alberta Reduced Tillage Initiative (1999-2000).
- Develop and implement Geographic Information System decision-support for work related to intensive livestock operations.
- Support partners in Alberta Environmentally Sustainable Agriculture Farm Based Program to plan, deliver and evaluate technology transfer programs that promote best management practices related to soil and water quality.
- Establish provincial soil and water quality baseline information and trends as part of the Alberta Environmentally Sustainable Agriculture Soil and Water Quality Monitoring Components.
- Develop and communicate best management practices, including direct seeding, sustainable cropping systems, manure management and site-specific management, for dryland and irrigated land.
- Identify and recommend improvements to proposed federal and provincial environmental legislation where the legislation has the potential to adversely affect agricultural production and the property rights of Alberta farmers.
- Distribute an inventory of agricultural soils on a CD-ROM which will assist government agencies and industry to manage agricultural lands in an environmentally sustainable manner.
- Increase efforts to develop an understanding of the potential impacts of the Kyoto agreement on agriculture in Alberta and develop options for the ability of industry to respond.
- Support the Alberta Environmentally Sustainable Agriculture Council initiative to establish a Chair of Environmentally Sustainable Agriculture at the University of Alberta.

Public Lands Management:

- Work with Alberta Environmental Protection and other government departments to implement an Integrated Resource Management program which fosters sustainable resource management.
- Work with Alberta Environmentally Sustainable Agriculture Council to promote improved stewardship in the industry.
- In cooperation with partners, develop and administer essential policy and legislation for the management of public land, and provide opportunities for public input into land use decisions.
- Participate in the implementation of government policy resulting from the Agricultural Lease Review Committee's recommendations.
- Operate public lands programs, including Provincial Grazing Reserves, on a cost recovery basis.
- Implement an allotment policy with Patrons' Associations that ensures continued access for new patrons, and is within the grazing capacity of the individual reserves.
- Provide and manage multi-use opportunities on Provincial Grazing Reserves.
- Collaborate with Environmental Protection to manage public land agricultural dispositions in a manner which assists the sustained development of the agricultural industry, while responding to the needs of other users.
- Work with Environmental Protection, partners and customers to deliver the Special Places Program.

- Implement government policy decisions on the management of former tax-recovery lands.
- In partnership with Environmental Protection and industry, develop and implement an efficient Wellsite Reclamation Program.
- Ensure the Provincial Grazing Reserve patron funded, long-term maintenance program is managed in a sustainable manner.

Goal #7: Continued excellence in food safety resources.

Key Results	Measures
♦ Safe food from production to consumption.	♦ Incidence of food safety problems.
♦ Increased consumer confidence in the safety of Alberta's food products.	♦ Per cent production of food processing firms that have adopted the Hazard Analysis Critical Control Point program.
	♦ Total production from farms which have adopted the Hazard Analysis Critical Control Point program.

Strategies:

- ★ Expand knowledge of food safety.
- ★ Develop new knowledge and technology through research and development.
- ★ Promote adoption of "world class" food safety systems throughout the food chain.
- ★ Communicate to industry and consumers, standards for food safety.
- Quick response to food safety problems.

Actions:

- Improve food safety and quality through novel packaging/bio-preservation.
- Conduct research into new, more sensitive pathogen and residue detection methods.
- Support the collection of data and economic analysis of various practices that address food safety concerns.
- Work with others to develop and deliver learning opportunities that will show farm managers how to incorporate food safety cost considerations into their business plans.
- Conduct research into food safety issues that have implications for livestock and crop production.
- Provide animal health, contaminant and residue information that promotes quality and consumer confidence in Alberta food products.
- Encourage the implementation of Hazard Analysis Critical Control Point program on farms producing horticultural and special crops, and in food processing plants.
- Establish health standards at Farmers' Markets.
- Maintain and expand the facilities and technical skills to enhance the Food Processing Development Centre's ability to lead development of safe food processing.
- Provide leadership in client-driven value added and in food safety research.
- Foster the implementation of quality assurance programs from production to retailing.
- Provide international export expertise on food safety and quality issues.

- Participate with the federal, provincial and municipal teams on the development and implementation of an integrated meat inspection system.
- Develop a food safety brochure for value added clients explaining food safety issues and providing direction to locate more detailed information.

Goal #8: Improved management of the Ministry's resources.

Key Results	Measures
<ul style="list-style-type: none"> ◆ Competent, versatile employees ◆ Optimal use of financial and capital resources. ◆ Client satisfaction with department services and products. 	<ul style="list-style-type: none"> ◆ Budget targets met. ◆ Training days per FTE. ◆ Results from Staffspeak. ◆ Results from client survey.

Strategies:

- ★ Continue to enhance knowledge and information through Knowledge Management.
- ★ Integrate planning and program development with other departments.
- ★ Explore partnership alliances for the better integration of human and fiscal resources.
- Improve:
 - Business planning and implementation.
 - Human resource development planning and programming.
 - Fiscal responsibility and accountability.
- ★ Ensure Department's priority activities and outputs are met.
- ★ Provide effective corporate communications to Department staff.

Actions:

Business Planning:

- Continue to incorporate client feedback in the preparation of the plans and policies of the department and develop and implement a more formalized process to obtain customer feedback on Department performance.
- Use product teams as mechanisms to improve cross-sectoral department planning in priority areas.
- Continue to work with the Agriculture and Food Council and the Alberta Economic Development Authority Agriculture Committee to integrate strategic plans and policies within the industry's vision and goals.

Human Resource Development:

- Focus the Human Resource Development Plan on the Department's future people needs and government-wide priorities by way of the following actions:
 - Emphasize and support continuity of leadership through innovative programs and activities.
 - Foster a continuous learning culture through the sharing and application of information and knowledge.
 - Promote corporate values that reflect the future direction for the Department and expectations of employees and managers.
 - Encourage developmental initiatives and training through planning at the employee level and support for priority education and training.
 - Support staff recognition, development and competency learning.
 - Train staff in corporate competencies related to business plan development and implementation.

Administrative Practices:

- Implement Knowledge Management to strengthen the department's efficiency and capability in harvesting, storing, managing and sharing information with the objective of providing better client service.
- Maintain an effective information technology infrastructure, providing user-friendly access, 24 hours a day, seven days a week.
- Continue to provide leadership in coordinating the standardization of mapping software with other agencies, including Agriculture and Agri-Food Canada, to enhance cooperation in research and monitoring.
- Continue to review and manage the public lands revenue sharing agreement with Environmental Protection.
- Utilize new and innovative electronic communication technologies to enhance client service and Public Lands management decision making by expanding the Geographic Land Information Management and Planning System.

Privatization, Outsourcing and Other Initiatives:

- Continue to amalgamate Public Lands, Regional Advisory Services, and AFSC Lending and Insurance offices and assess the feasibility of further office amalgamations with other agricultural agencies.
- Renew federal and provincial co-funding for farm business management training.
- Optimize the use of provincial financial resources allocated to irrigation infrastructure rehabilitation by reviewing the formula to allocate provincial cost shared funds to irrigation districts.
- Participate in regulatory reviews with provincial, federal and municipal government agencies to implement the Meat Task Force recommendations and remove duplicate services.
- Develop private sector capability to provide routine veterinarian diagnostic services, and transfer routine diagnostic services to the private sector.
- Examine new ways of structuring the department to use resources more effectively and to reflect growing public interest in environmental and food safety issues.

Financial Plan

Department of Agriculture, Food and Rural Development Income Statement

(\$000)	1997/98 Actual	1998/99 Forecast	1999/2000 Projection	2000/2001 Projection	2001/2002 Projection
Revenue:					
Transfers from Province of Alberta	10,138	11,230	42,430	47,430	36,930
Transfers from Government of Canada	37,837	59,622	48,121	13,226	11,569
Fees, Premiums and Licenses	19,283	17,152	13,182	12,591	12,521
Other Revenue	14,128	575	575	575	575
Total Revenue	81,386	88,579	104,308	73,822	61,595
Expense:					
Department Operations	106,068	107,957	99,225	99,434	99,839
Amortization	3,894	4,501	4,348	4,253	4,254
Sub-Total	109,962	112,458	103,573	103,687	104,093
Major Funded Programs:					
Farm Fuel Distribution Allowance	32,427	32,300	33,500	33,500	33,500
Development Funding	-	8,800	25,600	-	-
Infrastructure Assistance:					
-Irrigation Rehabilitation	14,702	17,200	-	-	1,800
-Municipal Industrial Wastewater	-	10,000	1,000	1,000	-
Lottery Funded Programs:					
Irrigation Rehabilitation Infrastructure	-	-	17,200	17,200	17,200
Municipal Industrial Wastewater Infrastructure	-	-	5,000	10,500	-
Rural Development	-	-	9,000	9,000	9,000
Agricultural Societies	7,242	8,280	8,280	8,280	8,280
Agricultural Initiatives	2,896	2,950	2,950	2,950	2,950
Transfers to Agencies:					
Farmers' Advocate	426	418	483	535	535
Surface Rights/Land Compensation Boards	2,051	2,172	2,172	2,172	1,742
Alberta Grain Commission	219	228	231	233	233
Irrigation Council	237	255	255	259	259
Agricultural Products Marketing Council	490	531	531	535	535
Alberta Dairy Control Board	139	162	164	176	176
Alberta Agricultural Research Institute	7,995	8,073	1,077	582	582
Agriculture Financial Services Corporation	140,285	150,939	155,798	152,934	147,510
Total Gross Expense	319,071	354,766	366,814	343,543	328,395
Valuation Adjustments	1,139	(270)	(390)	(10)	-
Loss on Disposal of Assets	(1)	-	-	-	-
Net Operating Expense	238,825	265,917	262,116	269,711	266,800

Appendix 2: Agriculture Financial Services Corporation

Business Plan

Table of Contents

Vision.....	38
Growing Alberta	38
Mission	39
Operating Principles.....	39
Corporate Philosophy	39
Characteristics of Our Desired Future	40
Assessment of Nature and Degree of Risk	41
Long Term Goals, Outcomes, Strategies and Performance Measures.....	42
General Business Performance, Efficiency and Activity Measures.....	51
Human Resource Management	55
Teamwork.....	56
Innovation	56
Financial Plan	57

Vision

...unique financial services to Grow Alberta.

Growing Alberta

Government of Alberta

The Government of Alberta business plan focuses on Growing Alberta in the following core areas:

People...

Helping people to be self-reliant, capable and caring through:

- ♦ a healthy society and accessible health care
- ♦ basic support and protection for those in need
- ♦ lifelong learning
- ♦ excellent schools, colleges, universities and training institutes
- ♦ supportive families and compassionate communities

Prosperity...

Promoting prosperity for Alberta through:

- ♦ a dynamic environment for growth in business, industry and jobs
- ♦ a highly skilled and productive workforce
- ♦ open markets in Canada and internationally for trade and investment
- ♦ new ideas, innovation and research
- ♦ an open and accountable government that lives within its means
- ♦ an efficient system of roads, highways, utilities and public spaces

Preservation...

Preserving the Alberta tradition of:

- ♦ a safe society where justice prevails
- ♦ a clean environment
- ♦ strong values and culture
 - ♦ pride in Alberta and strength within Canada
 - ♦ strong communities

AFSC

AFSC is uniquely positioned to contribute to all three core business areas of government - **People, Prosperity and Preservation**, with a particular focus on prosperity. AFSC provides:

- ♦ lending
- ♦ investment
- ♦ loan syndication
- ♦ risk management services, such as insurance and farm income support
- ♦ financial and management advisory services, to help grow and sustain Alberta's agri-industry, and rural Alberta.

These core businesses are delivered through a variety of programs, products and services directly or through strategic alliances and partnerships with the financial industry and business.

The programs include:

- ♦ crop insurance
- ♦ beginning farmer loans
- ♦ hail insurance
- ♦ commercial financial services
- ♦ farm income disaster support
- ♦ wildlife and waterfowl damage compensation
- ♦ developing farmer loans
- ♦ disaster assistance loans
- ♦ Alberta farm development loans
- ♦ general and specific guarantees

Significant potential exists for agri-industry growth. **The goal is a \$20 billion value-added sector coupled with a \$10 billion primary production sector by 2005.** AFSC's unique knowledge of finance and the agri-industry, coupled with strategic alliances will provide a significant contribution to achieving this goal.

Mission

We help customers in the developing agri-industry fulfil their business goals by offering unique financial services.

Operating Principles

A. Continuously Improve Customer Service and Satisfaction

Decision-making will be as close to the customer as possible. We will seek customers' opinions before making significant procedural and policy changes.

B. Participate in Developing Policy on Agricultural Finance and Risk Management Issues

We will use our expertise to work with others in developing agricultural policies and programs.

C. Encourage Operating Alliances That Result in Improved Products and Services to Customers

We will work with other agencies serving the agri-food industry to make the best use of resources while reducing duplication.

D. Practice Prudent Fiscal Management

Continuously looking for ways of delivering programs and services more efficiently, reducing costs, increasing revenue, and marketing our expertise without compromising program integrity.

Corporate Philosophy

How We Conduct Our Business

We offer individual, confidential service to our customers, keeping decision-making as close to the customer as possible. We treat our customers openly, honestly and fairly, with sensitivity, and trust.

We believe in providing extra service, such as financial advice, to help our customers develop sound management skills. We consult with our customers to verify that we are doing the right things and ensure that customers are satisfied with the level of service being given. Service will be fair, prompt and cost effective. We will strive to continuously improve everything we do...forever.

We believe that helping to develop viable businesses will fulfil our obligations to responsibly manage funds, and to promote development of the agriculture and food industry.

We recognize that efficient businesses establish alliances with both public and private organizations, to share expertise and to define and advance common goals.

We believe in conservation and responsible management of the environment.

How We Treat Our Employees

We work at creating a climate of excellence in all areas, encouraging creativity, innovation and individual initiative. We understand that when errors occur, they provide a constructive learning experience.

We encourage our staff to find better ways to do the right things with a minimum of "red tape". We delegate and decentralize decision-making to empower employees.

We encourage employee contributions through corporate recognition, advancement and rewards based on performance.

We stress employee training, because we believe that education and skills of our employees are an investment for our customers and the organization.

Characteristics of Our Desired Future

The agriculture and financial sectors are undergoing dramatic change as a result of globalization, technology, growing electronic commerce, demographics, changing consumer demand, increased awareness of environmental issues, deregulation and restructuring (mergers and consolidations, horizontal integration of financial services). Canadians have led the world in developing and adopting technologies such as automated teller machines and debit cards. Alberta and BC led the nation in the use of personal computers for farm business management purposes, with 23 per cent of farms using personal computers in 1996, nearly double that of 1991. The pace with which change is occurring and transactions happen is accelerating. To help us think strategically while acting on today's challenges, this section describes some of the characteristics of our future. Some of these characteristics may be present today, others are not and may evolve over the next 10 years. However, being aware of them is the first step to being able to think strategically and begin to plan for them today. The characteristics, which will also be present in the financial services sector generally, include:

- ♦ faster service for most customers
- ♦ customers who don't need contact at local district offices will likely think AFSC staff are more effective and efficient in responding to them
- ♦ more customers using electronic access to service rather than "over the counter" service
- ♦ more knowledgeable staff resulting from more effective training and performance review
- ♦ customers needing less service from staff will likely receive small discounts which reflect lower delivery costs
- ♦ fewer offices - offices likely in major trading centres
- ♦ staff numbers will be reduced through attrition and retirements over the next 10 years

Assessment of Nature and Degree of Risk

The Business of Financial Risk Management

AFSC is in the business of enabling the agri-industry to manage risk. AFSC develops insurance and lending products which help individual businesses hedge risk - reduce risk exposure - against uncontrollable world market, weather and interest related events. The objective is to enable businesses to protect their business earnings and cash flow from the risks that threaten them by reducing the variability of their cash flows. Risk management is not a chance to make profits, but rather an opportunity to level out peaks and valleys in margins.

AFSC's Primary Goal and Risk

AFSC's primary goal is to give agri-industry businesses access to affordable tools they need to manage risk, while minimizing the government's exposure. So AFSC helps businesses mitigate their risks to a manageable level, recognizing no business can eliminate risk totally. This is accomplished through insurance contracts and long term fixed interest rate loans. When uncontrollable world markets and weather related events negatively impact profit margins of producers/owners, programs such as crop insurance and farm income disaster offer a measure of stability, enabling businesses to continue operating viably. AFSC's program expenditures reflect yearly conditions and are higher in response to disastrous conditions or lower in uneventful years.

AFSC Risk Management

AFSC manages risk to minimize government exposure with:

- ◆ private sector reinsurance to reduce government exposure on an annual basis
- ◆ prudent borrowing with varying terms, interest rates and debt instruments which match lending and borrowing amortization periods
- ◆ operating actuarially sound insurance programs
- ◆ securing loans.

Key Assumptions made for the 1999-2002 Business Planning Cycle

In developing the business plan for AFSC, the following key assumptions have been made for the 1999-2002 business planning period:

- ◆ reasonably stable commodity prices
- ◆ progress by the industry toward the goals of \$10 billion in primary production and \$20 billion in value added processing by 2005
- ◆ reasonably stable interest rates
- ◆ claims are forecast based on long term historical averages. Actual weather conditions could change these forecasts significantly.
- ◆ federal funding for crop insurance and companion programs will be sufficient to fund these programs according to current cost sharing arrangements
- ◆ provincial revenues will be sufficient to maintain forecast provincial contributions to AFSC programs

- ♦ major AFSC programs are demand driven and forecast demand is based on current forecast economic conditions. Variances in economic conditions from those forecast could result in substantial changes in demand for AFSC programs.
- ♦ the present high level of investment in information technology will enable AFSC to be compliant with Year 2000 issues early in 1999. In the longer term, this investment will provide a platform to enable electronic transactions with customers which will result in reduced administration cost ratios over 5 to 10 years.

Long Term Goals, Expected Outcomes, Strategies and Performance Measures

GOAL 1: To help the industry achieve the goal of \$20 billion of value added production by 2005, AFSC will develop AFSC-Commercial financial services by using AFSC funds to leverage investment to \$150 million a year by March 31, 2002.

Interpretation

Due to limited AFSC dollars, other sources of capital must be utilized. The majority of investment will be owners' equity and funds from sources other than AFSC.

Key Results

- ♦ increased Alberta processing of Alberta farm outputs
- ♦ increase in the number of employees in agri-industry valued added/processing
- ♦ growth in sales, shareholder equity, assets employed in the businesses assisted with AFSC financing
- ♦ increased capital investment to grow the valued added production industry in Alberta

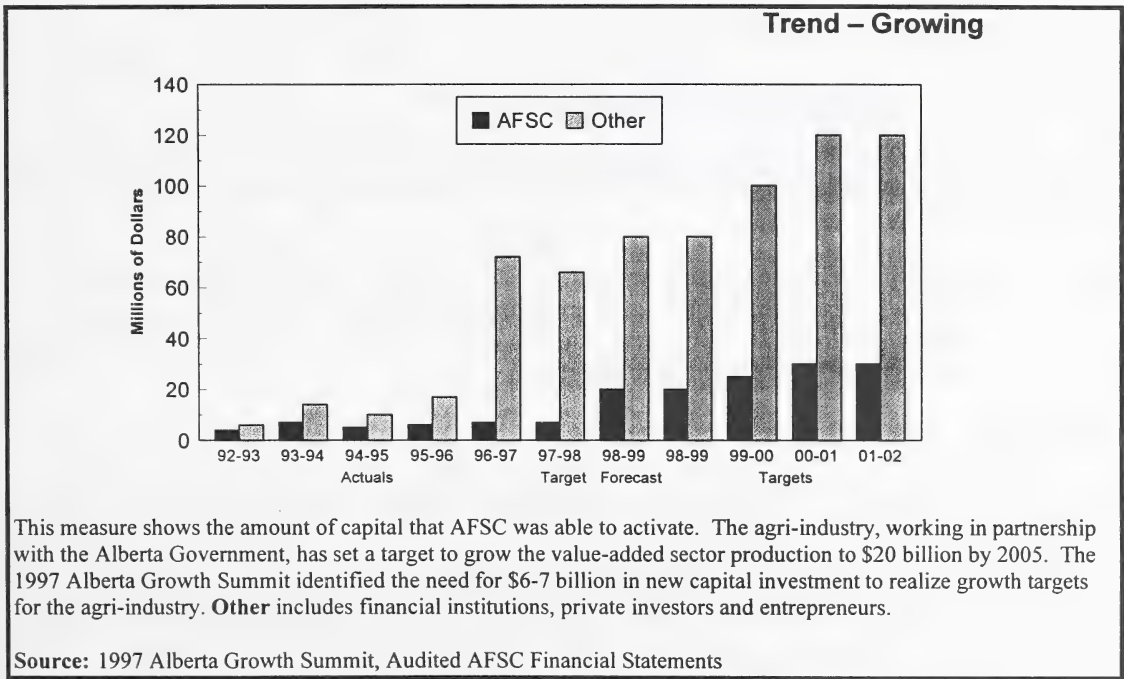
Strategies

- ♦ **industry** - increase awareness of AFSC-Commercial in the agri-industry to facilitate (broker deals between business owners, lenders and investors) successful financing of development and expansion of value added businesses and rural areas
- ♦ **delivery** - develop and deliver needed capital and financial services through strategic alliances and partnering with others, including:
 - ♦ agency relationships [e.g., Farm Credit Corporation (FCC)]
 - ♦ debt syndications and facilitations
 - ♦ AFSC-Commercial direct lending to value added processors
 - ♦ primary debt funding through new alliance partners
 - ♦ new equity and subordinate debt sources
 - ♦ equity investment facilitation
 - ♦ facilitation of improved access to capital for primary production in high potential growth sectors to supply Alberta processors

- ◆ **staff** - expand market expertise and investment knowledge of AFSC-Commercial Financial Services to deliver financial products and services efficiently in key market areas including:
 - ◆ a greater presence in Southern Alberta
 - ◆ better access to, and distribution of, industry information
 - ◆ better linkages with other agriculture Ministry resources to capitalize on market knowledge and expertise
 - ◆ greater AFSC-Commercial awareness of the array of existing and new financing options
- ◆ **customers** - identify value added business target markets and business prospects, along with capital requirements and develop strategies to enable entrepreneurs to access capital to start or expand businesses in Alberta
- ◆ **products** - develop unique and specialized products which are tailored to meet customer needs, fill "capital gaps" and support value added sector growth
- ◆ **information** - building on the work of the Alberta Growth Summit, continue to share current information on the importance, trends and opportunities in the expanding agri-businesses sector, with all the key players in the value chain - producers, investors, processors, distributors and consumers.

Performance Measures

Private Capital Leveraged by AFSC Funds



Number of Businesses Assisted by AFSC Commercial by Business Type

Trend - Increasing						
Type	Actual 92-93	Actual 93-94	Actual 94-95	Actual 95-96	Actual 96-97	Actual 97-98
Food Processors	29	30	12	15	7	14
Non-food Processors	8	7	6	3	3	1
Farm Services	16	8	8	9	11	10
Other	7	3	5	3	5	7
Total	60	48	31	30	26	32

Type	Target 98-99	Forecast 98-99	Target 99-00	Target 00-01	Target 01-02
Food Processors	30	25	35	40	45
Non-food Processors	5	4	5	5	5
Farm Services	12	10	15	15	15
Other	8	6	5	5	5
Total	55	45	60	65	70

This measure shows the number of businesses AFSC assists with a financing package each year.

Source: AFSC Commercial financial records

Impact of AFSC Value Added Customers on the Economy

This performance measure is under review and would measure the economic impact of the value-added businesses assisted by AFSC. Development of the measure is dependent on AFSC's ability to collect reliable data.

GOAL 2: To complement the existing agriculture safety net package by March 31, 2002, AFSC will research, develop and test concepts including alternative reinsurance initiatives, whole farm production and income insurance, weather based production insurance and price insurance programs.

Key Results

- ♦ innovative programs, products and services that meet customer needs for production and income risk management
- ♦ eliminate or reduce the need to respond to ad hoc requests
- ♦ AFSC provides a more effective way of managing government budget exposure (e.g., private sector reinsurance)
- ♦ increase in use of risk management tools by producers to reduce income variability (e.g., more acres insured)

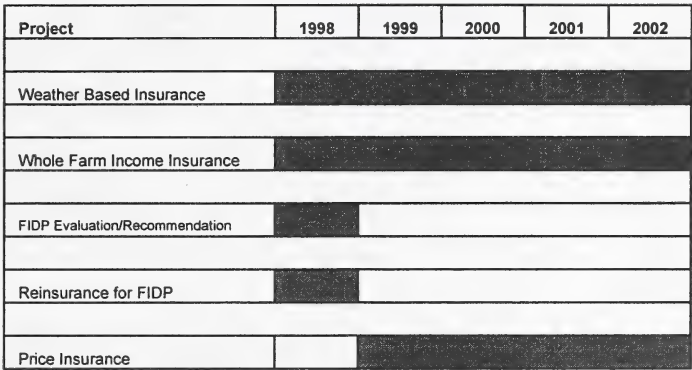
Strategies

- ♦ implement private sector crop reinsurance and monitor results over next 3 years, and incorporate changes into future negotiations with private sector
- ♦ research, develop and evaluate insurance coverage concepts which allow customers greater flexibility to customize insurance protection to their business needs
- ♦ promote implementation of risk management strategies as an essential component of successful farm business management practices
- ♦ test weather tracking systems as the basis for a weather based crop protection program
- ♦ make recommendations as a result of evaluating the Farm Income Disaster Program (FIDP) pilot project (1998) and explore the combination of crop insurance and FIDP as a whole farm program with a premium attached
- ♦ research feasibility of reinsuring FIDP
- ♦ research feasibility of price insurance

Research Activity

Insurance Concepts Researched

Trend – Steady



This measure reflects the number of research projects undertaken to research, develop and test out new insurance concepts for application in the agri-industry. Research may lead to implementation of new products, redesign of existing products or a recommendation not to implement a new concept. The grey shaded bars in the chart indicate the start and completion timing of each project, with all of the projects to be completed in 2002 or before.

Source: Research, Information and Development, AFSC

GOAL 3: To help industry achieve the goal of \$10 billion of farm cash receipts by 2005, AFSC will offer unique farm financial services to assist 1000 beginning farmers per year by March 31, 2002 to establish potentially viable farms.

Interpretation

"Unique financial services" in this goal refers to loans to new and existing beginning farmers via direct loans or Vendor Mortgage Plans. Any loan AFSC makes will establish or enhance potential viability of farms.

Key Results

- ♦ assured supply of beginning (new) farmers and effective intergenerational transfer of farm assets
- ♦ AFSC known and respected as well for financial counselling services as for lending products
- ♦ over time, beginning farmers will grow their businesses and graduate to other lenders, enabling AFSC to "reinvest" funds into the next generation of beginning farmers
- ♦ contribution of AFSC beginning farmers to the overall economy, and rural Alberta

Strategies

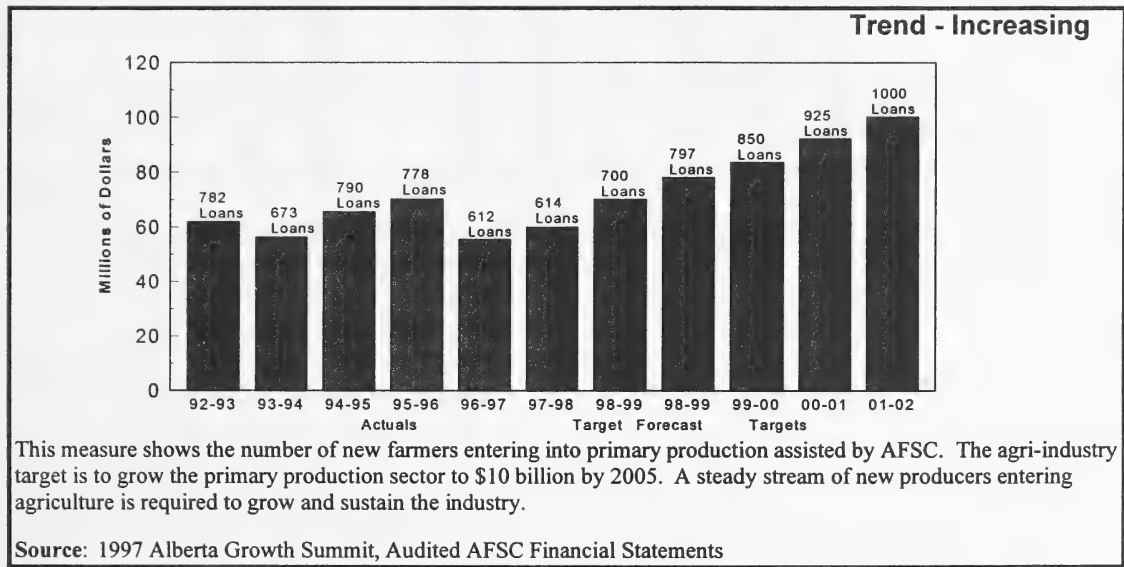
- ♦ strengthen the Beginning Farmer Loan Program to improve long-term farm viability, including:
 - ♦ a review of need for interest incentive provided on basis of economic conditions and financial market costs, rather than arbitrary five year start-up period
 - ♦ assess demographics of aging farm owner population and identify potential Beginning Farmer Program changes required
 - ♦ respond to input from focus groups, product and service delivery feedback and customer surveys
 - ♦ identification of "best farm management practices" of successful farms and delivery of financial counselling to support customer adoption of best practices including risk management, business planning, performance measurement and sound financial management systems
 - ♦ year end beginning farmer consulting services focusing on analysis of business results and opportunities
- ♦ determine requirements and cost-benefits to graduate beginning farmers to commercial lenders within 10-15 years of farm start-up
- ♦ recommend changes to existing AFSC program parameters and policies to meet evolving agri-industry needs
- ♦ identify vendor mortgage plan product usage barriers and redesign product to increase use or discontinue product
- ♦ increase the industry and community awareness of AFSC products and services available to Grow Alberta primary production to \$10 billion by 2005

Performance Measures

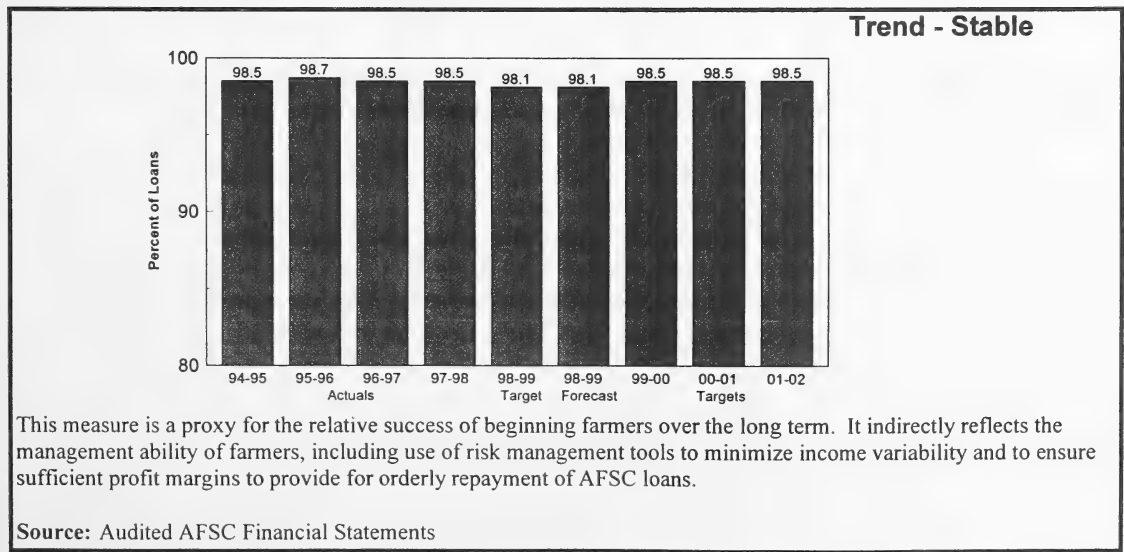
Impact of Beginning Farmer Program in Rural Alberta

This measure is under review. If reliable, consistent data is readily available, it will show the economic and social contribution AFSC’s beginning farmers make in rural Alberta.

Number and Value of AFSC Beginning Farm Authorizations



Percentage of AFSC Beginning Farmer Loans in Good Standing



GOAL 4: To meet or exceed customer service expectations 90 per cent of the time by March 31, 2002, AFSC will make improvements to customer service delivery.

Interpretation

Training (or cross-training) is a key element but there are many other aspects of delivery that may increase customer satisfaction. Improvements to customer service delivery includes improvements to products.

Key Results

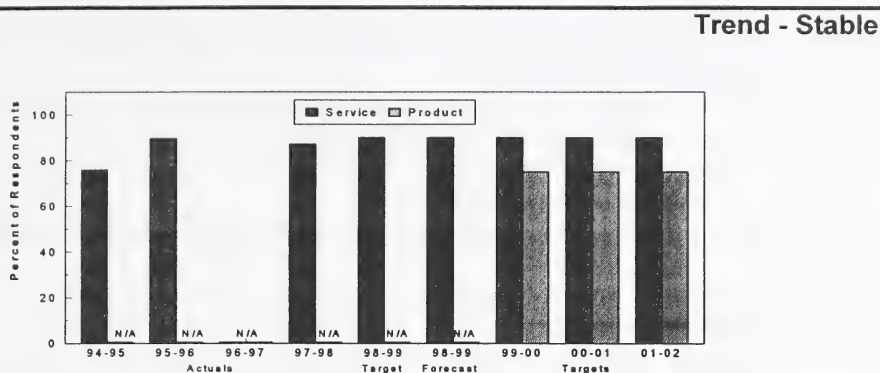
- ♦ AFSC will have long-term satisfied customers at all stages of product delivery
- ♦ in addition to specialized knowledge to perform assigned duties, all staff have basic knowledge of all AFSC products and services
- ♦ customers will have all the relevant information to make better informed financial and insurance risk management decisions
- ♦ satisfactory customer rating of staff knowledge and service, along with AFSC's products and services

Strategies

- ♦ building on the customer service (reliability, confidentiality, assurance, responsiveness, empathy, appearance) orientation of AFSC, increase emphasis on creation of customer satisfaction (meeting customer needs with appropriate products and services) at a reasonable price:
 - ♦ formalize collection of customer satisfaction data
 - ♦ determine current and future needs of AFSC's market, reduce gaps in customer needs and product offerings, while maintaining affordability
 - ♦ design new products and services
 - ♦ redesign existing products and services to provide more flexibility to meet individual customer needs
 - ♦ define acceptable (to customer and AFSC) customer service level expectations and manage to them
- ♦ implement a corporate staff training plan, which addresses core competencies including:
 - ♦ appropriate knowledge of all AFSC products and services
 - ♦ customer service and satisfaction skills
 - ♦ teamwork and teambuilding skills
 - ♦ technology skills to deliver products and services
 - ♦ product and service marketing skills
 - ♦ continuous change management and innovation skills

Performance Measures

Customer Satisfaction



This measure reflects the ability of AFSC to meet customer needs with appropriate products and services at a reasonable price, with high quality delivery of services (reliability, confidentiality, assurance, responsiveness, empathy, appearance). Measurement of customer satisfaction with products will commence in 1999-2000.

Source: Customer Surveys

Consulting Activity

Consulting Services (Total Hours Provided)

This measure is under development and will reflect the demand for consulting services related to products and services, analysis of financial results and dealing with financial stress. Referrals to specialists may result from these consultations. Collection of data will commence April 1, 1999, with targets to be set after the 1999/2000 fiscal year.

GOAL 5: To provide greater flexibility in the way financial services are delivered, by the end of March 31, 2003, AFSC will have the capability to provide at least 50 per cent of services to customers via electronic means.

Interpretation

Capability is the measure of performance for this goal. "50 per cent of services" is defined as types of transactions and not number of transactions. Savings generated by achieving greater efficiencies should be passed along to users.

Key Results

- ♦ growing customer interaction through electronic means (e.g., computers, fax, self help telephone services)
- ♦ staff acceptance and promotion of electronic access
- ♦ improved administrative effectiveness

- ♦ more information captured at source, electronically, accurately, eliminating duplication and freeing up resources to focus on responding to needs

Strategies

- ♦ re-engineer service delivery and business processes, leveraging customer, alliance and AFSC investment in information technology to:
 - ♦ improve customer access to AFSC product and service information
 - ♦ enable customers to electronically conduct business
 - ♦ reduce customer costs to deal with AFSC
 - ♦ reduce AFSC program administration costs
- ♦ implement rewritten insurance systems, maintaining customer privacy while enabling customer electronic:
 - ♦ access to coverage and pricing options
 - ♦ filing of contract orders and claims
 - ♦ access to account information
- ♦ implement integrated financial system (General Ledger, Accounts Payable and Receivable, Budgeting, Purchasing and Capital Asset Management modules) enabling customers to deal with AFSC electronically, particularly, electronic:
 - ♦ access to loan account information
 - ♦ application for loans
 - ♦ amendments to loan documents
 - ♦ premium and loan payments by customers
 - ♦ claim payments to customers
- ♦ re-engineer FIDP system and procedures to reduce length of application, processing times, administrative costs and to follow-up with clients who miss deadlines
- ♦ implement systems changes to support product and service delivery changes
- ♦ develop incentives for customers who use electronic services, while not penalizing those who prefer use of one-on-one personal services
- ♦ through 'Roping the Web" Internet site:
 - ♦ provide information on current AFSC products and services
 - ♦ enable customers to do "what if" risk management scenarios with existing AFSC products in order to make lending, insurance and income support decisions
- ♦ establish a province-wide phone-in customer service centre

Performance Measures

Number of AFSC Delivered Products and Services Available to Customers Electronically

This measure is under development and will reflect the capability of AFSC to leverage its investment in computers and respond to the growing capital investment and use of computers by the agri-industry. Baseline data will be compiled in 2000/01 and specific targets set for subsequent years.

GOAL 6: To improve cost-efficiency and Grow Alberta, AFSC will market its services to other jurisdictions in Canada and internationally.

Interpretation

Performance measures for this goal will be set at the 1999 Board Directional Planning Meeting.

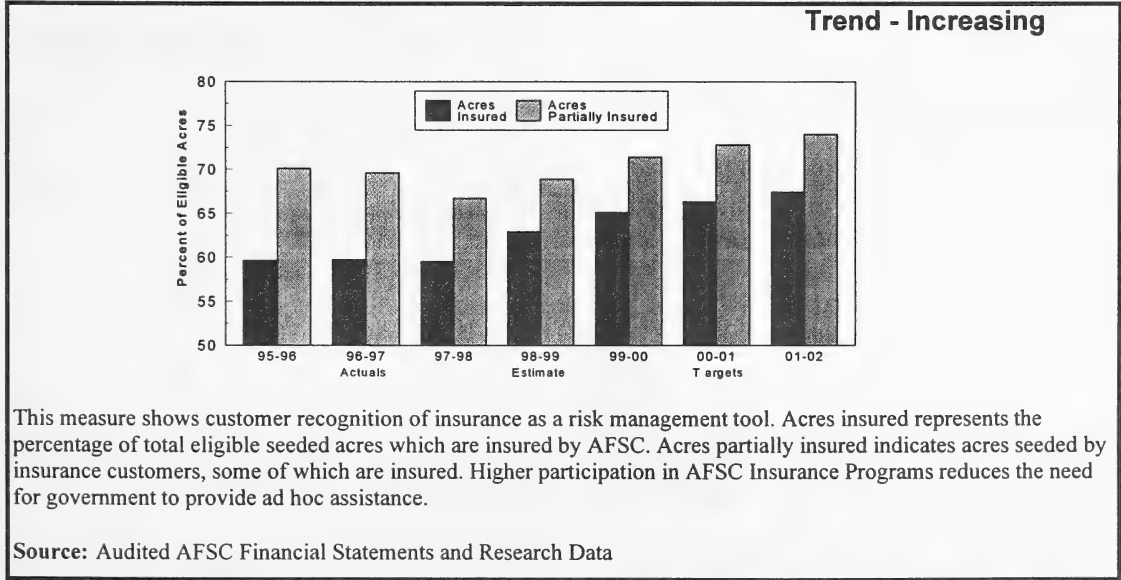
Key Results, Strategies and Performance Measures

Under development for 2000 to 2003 Business Planning timeframe.

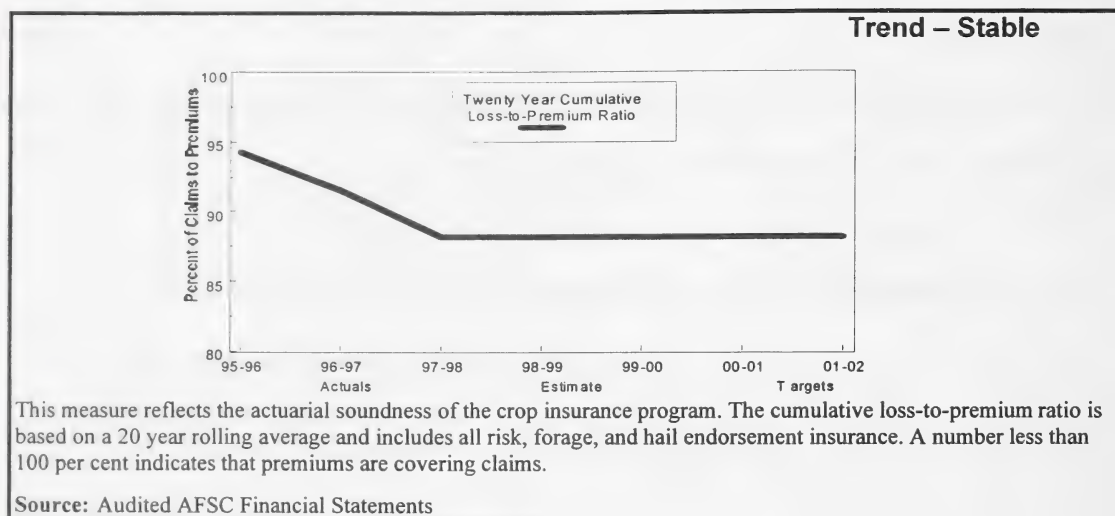
General Business Performance, Efficiency and Activity Measures

Our business plan sets the direction for change along with the strategies to implement that change and measure our progress. However, we can not lose sight of our day to day business. We have customers accessing and using our current products and services and we must be able to monitor their satisfaction with the capability of our current products and services to meet their intended objectives. As well, we need to be able to monitor the impact of our new initiatives on them. For these reasons we track and monitor several key performance, efficiency and activity measures.

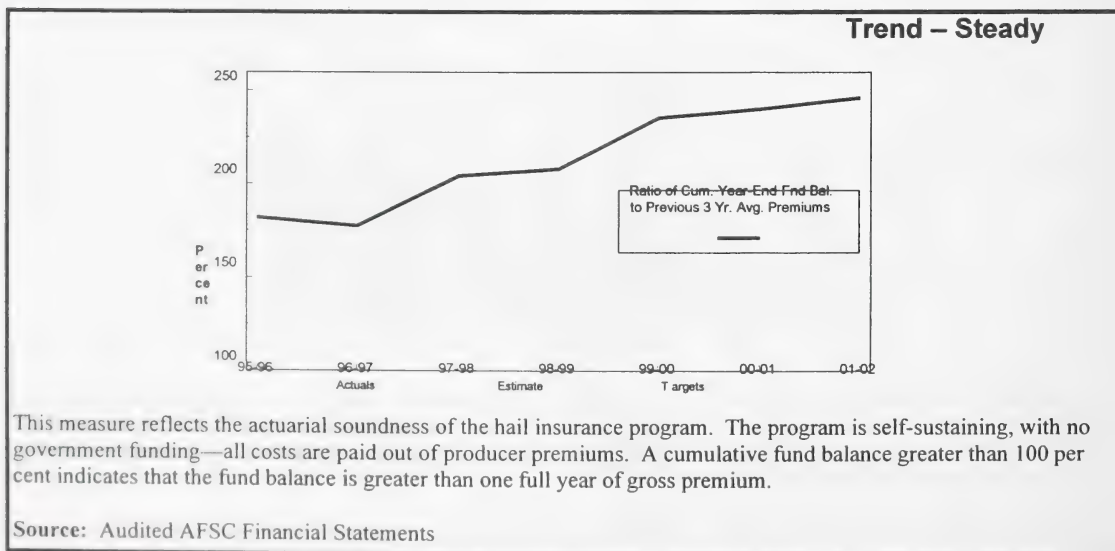
Acres Insured by AFSC’s Crop and Hail Insurance Programs (% of eligible seeded acres)



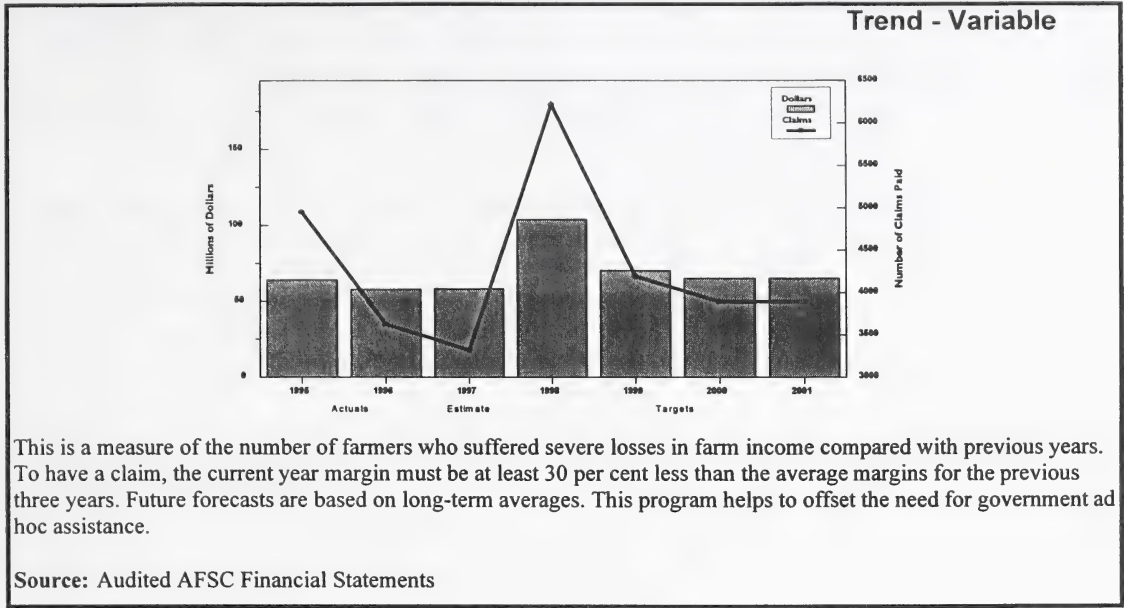
Actuarial Soundness of Crop Insurance Program



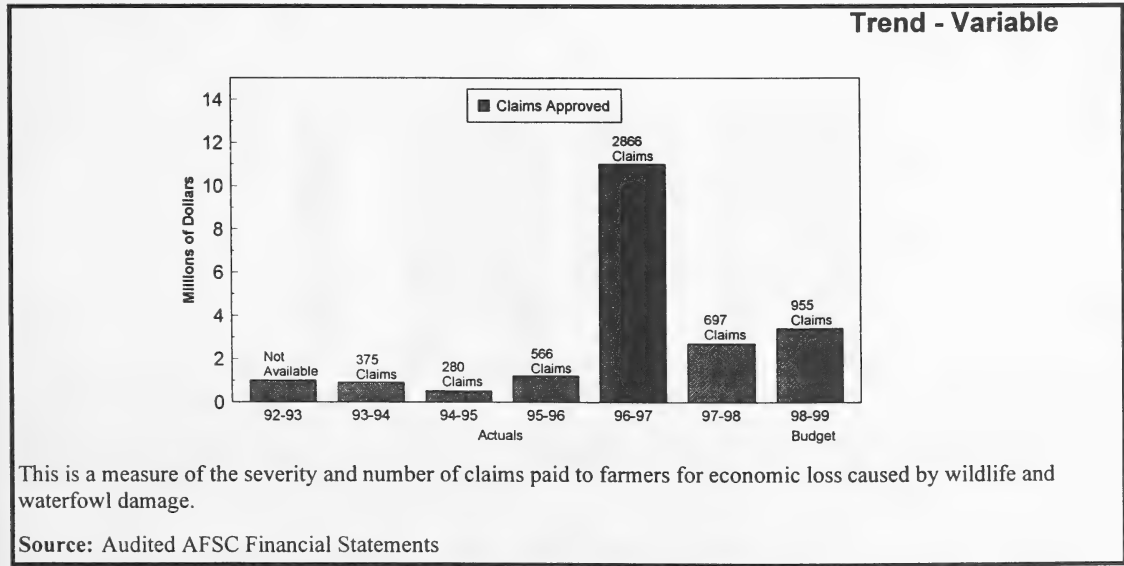
Actuarial Soundness of Hail Insurance Program



Farm Income Disaster Program (FIDP) Dollars and Claims by Tax Year

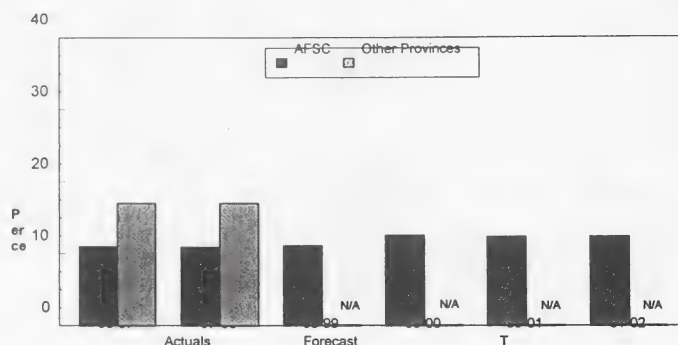


Wildlife and Waterfowl Compensation Claims



Crop Insurance Administration Costs (% of Revenue)

Trend - Steady

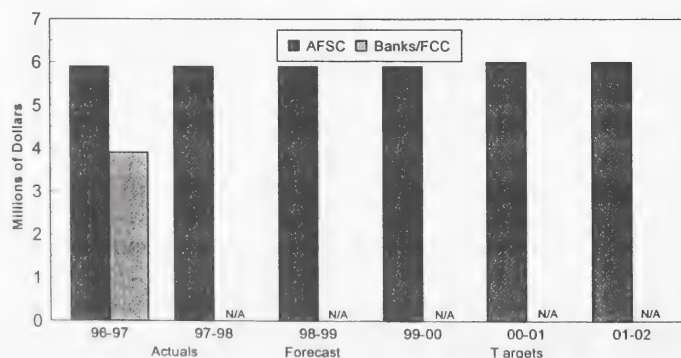


This measure provides an indication of program administration efficiency, reflecting the costs to administer AFSC's major Crop Insurance program, as a percentage of crop insurance revenues. The comparators are other provincial jurisdictions delivering similar insurance programs.

Source: Audited AFSC Financial Statements

Lending Assets Administered Per AFSC Lending Employee

Trend - Steady



This measure is commonly used by financial institutions and reflects overall corporate productivity of employees in terms of the assets (loans receivable) administered. AFSC is compared to the average for other Canadian banks and Farm Credit Corporation.

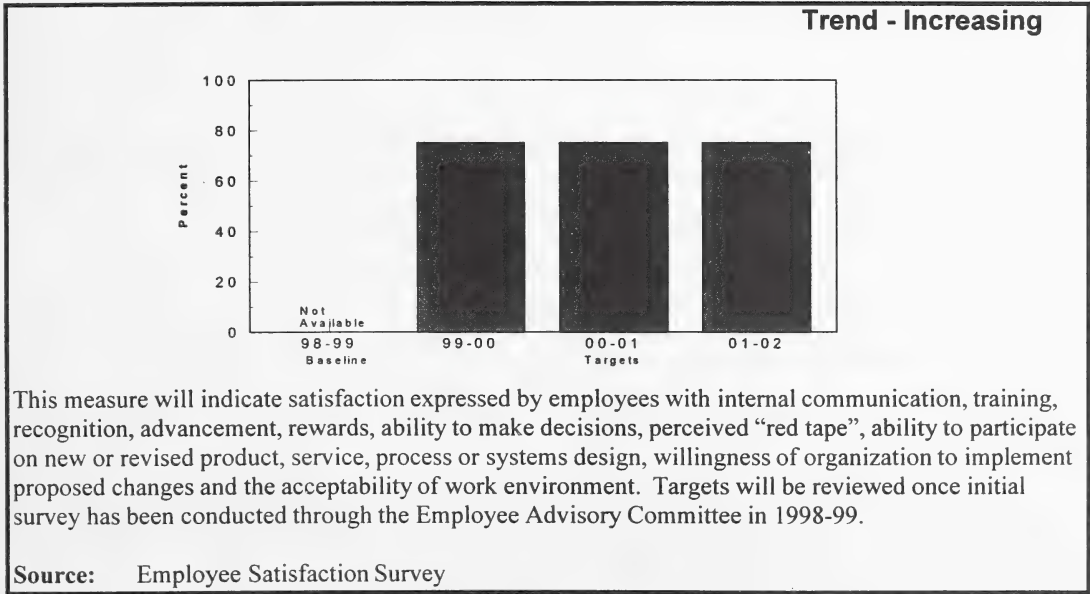
Source: Audited AFSC Financial Statements and Annual Reports of Other Financial Institutions

Human Resource Management

Our employees are the most basic building block to success - success in meeting or exceeding customer expectations; success in applying technology and innovation to programs, products and services; success in re-engineering and continuously improving processes; and ultimately for the success in achieving Government and the Corporation's business plan goals. Recognizing this, AFSC will:

- ♦ implement a human resource plan to ensure the organization has the capability to respond to changing industry and customer needs, with employees who have the right knowledge, attitude and skills in the right number at the right place
- ♦ implement a corporate training plan, which addresses core competencies, and cross-training to provide organization and individual flexibility
- ♦ conduct an employee survey to determine the level of employee satisfaction and identify areas for improvement
- ♦ continue to involve employees in business unit tactical planning and individual goal setting
- ♦ continue to recognize and reward contributions for innovation, results achieved and a strong customer service attitude
- ♦ continue to regularly communicate to all employees, using a variety of communication techniques
- ♦ implement a succession plan

Employee Satisfaction (% of Staff at or above set target)



Teamwork

Recognizing that few issues reside exclusively within one organizational unit, AFSC will continue to make extensive use of teams within the Corporation, Ministry, Government, Industry and with our alliance partners. Over the next planning period, AFSC will:

- ♦ continue to develop staff skills in the areas of teamwork and teambuilding
- ♦ enhance its close working relationship with Agriculture, Food and Rural Development, through initiatives in the areas of the Internet; use of specialists in specific loan and insurance situations; use of economic services for statistics and trends; and use of shared office accommodation and resources
- ♦ work with existing customers individually and via focus groups, to ensure programs, products and services remain responsive
- ♦ work with the financial industry to ensure alliances remain strong and responsive
- ♦ work with investors to leverage funds and build new alliances
- ♦ work with industry organizations and other Ministries to develop practical solutions to customer needs in such areas as ungulate damage compensation
- ♦ build on its relationship with the Province of British Columbia regarding joint administrative functions including information technology and program delivery
- ♦ continue its close relationship with Alberta Treasury and the Auditor General to improve planning processes, performance measurement and financial reporting
- ♦ work in cooperation with other central agencies, such as Public Works, Supply and Services, to ensure effective utilization of shared resources such as space and simplify paperwork processes
- ♦ utilize cross-functional teams within AFSC to ensure a total “systems/process” approach to re-engineering, improving or developing new programs, products and services.

Innovation

AFSC views responding to customer needs and development of information technology systems as opportunities for innovation. The Corporation also recognizes that the only thing for certain in the future is that change will occur, and that it will occur at a faster pace. Successful implementation of AFSC’s Business Plan and achievement of the government’s goals will require innovation. Innovation is the process of staff identifying opportunities for improvement or change and determining the best way to effect change. This will require skills which are highly valued by government and business – “learning how to learn” and “thinking outside of the box”. To support this type of environment, AFSC will:

- ♦ increase the emphasis placed on developing continuous change management and innovation skills
- ♦ recognize innovation through its awards programs, project and job assignments
- ♦ challenge staff to identify innovative ways to leverage AFSC’s and customers’ investment in information technology to better respond to needs
- ♦ continue to pursue an administrative alliance with British Columbia for delivery of additional programs and shared information technology development

- ♦ explore better ways to measure the effects of innovation on products, services and processes used to meet customer needs (e.g., per cent of revenue from new or enhanced products and services, measuring the savings to AFSC and customers as a result of process improvements, number of employee suggestions implemented)

Financial Plan

Agriculture Financial Services Corporation Forecasts of Revenue, Expenditure and Surplus

1999/2000 Forecast						
	Lending	Crop Insurance Fund	Farm Income Disaster Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue						
Premiums from Insured Persons	--	58,471,287	--	17,586,000	--	76,057,287
Interest	48,831,369	300,000	--	100,000	--	49,231,369
Contribution from Province of Alberta	18,600,599	59,605,464	74,647,815	--	2,943,692	155,797,570
Contribution from Government of Canada	69,314	48,339,254	--	--	1,322,528	49,731,096
Investment Income	200,000	14,483,572	--	2,757,260	--	17,440,832
Fees and Other Income	3,157,043	--	700,000	400,000	10,800	4,267,843
Amortization of Loan Discounts	1,893,013	--	--	--	--	1,893,013
	72,751,338	181,199,577	75,347,815	20,843,260	4,277,020	354,419,010
Expenditure						
Indemnities	--	143,032,841	70,000,000	16,065,000	3,697,294	232,795,135
Interest	55,134,990	--	--	--	--	55,134,990
Reinsurance – Private	--	9,718,531	--	211,500	--	9,930,031
Reinsurance – Provincial	--	--	--	--	--	--
Reinsurance – Federal	--	--	--	--	--	--
Farm Loan Incentives	4,329,990	--	--	--	--	4,329,990
Administration Expense	13,417,705	18,806,905	3,847,815	3,866,643	579,726	40,518,794
Provision for Doubtful Accounts and For Losses	2,000,000	20,000	--	--	--	2,020,000
	74,882,685	171,578,277	73,847,815	20,143,143	4,277,020	344,728,940
Excess (Deficit) of Revenue Over Expenditure for the Year	(2,131,347)	9,621,300	1,500,000	700,117	--	9,690,070
Recoverable from (by) the Crop Reinsurance Fund of Canada for Alberta	--	--	--	--	--	--
Recoverable from (by) the Crop Reinsurance Fund of Alberta	--	--	--	--	--	--
Recoverable from (by) the Government of Canada	--	--	--	--	--	--
Recoverable from (by) the Province of Alberta	--	--	--	--	--	--
Recoverable by Producers	--	--	--	--	--	--
	0	0	0	0	0	0
Surplus (Deficit) for the Year	(2,131,347)	9,621,300	1,500,000	700,117	0	9,690,070
Surplus (Deficit) at Beginning of Year	2,131,347	245,486,430	0	55,145,196	0	302,762,973
Surplus (Deficit) at End of Year	0	255,107,730	1,500,000	55,845,313	0	312,453,043

2000/2001 Forecast						
	Lending	Crop Insurance Fund	Farm Income Disaster Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue						
Premiums from Insured Persons	--	60,546,266	--	17,361,000	--	77,907,266
Interest	51,057,482	300,000	--	100,000	--	51,457,482
Contribution from Province of Alberta	21,576,268	60,568,506	67,871,546	--	2,917,537	152,933,857
Contribution from Government of Canada	60,497	48,964,309	--	--	1,310,777	50,335,583
Investment Income	200,000	14,964,637	--	2,792,266	--	17,956,903
Fees and Other Income	3,372,650	--	650,000	400,000	10,800	4,433,450
Amortization of Loan Discounts	153,124	--	--	--	--	153,124
	76,420,021	185,343,718	68,521,546	20,653,266	4,239,114	355,177,665
Expenditure						
Indemnities	--	148,072,781	65,000,000	16,065,000	3,697,294	232,835,075
Interest	56,202,253	--	--	--	--	56,202,253
Reinsurance – Private	--	10,064,658	--	211,500	--	10,276,158
Reinsurance – Provincial	--	--	--	--	--	--
Reinsurance – Federal	--	--	--	--	--	--
Farm Loan Incentives	4,560,406	--	--	--	--	4,560,406
Administration Expense	13,657,362	17,212,402	3,521,546	3,465,193	541,820	38,398,323
Provision for Doubtful Accounts and For Losses	2,000,000	20,000	--	--	--	2,020,000
	76,420,021	175,369,841	68,521,546	19,741,693	4,239,114	344,292,215
Excess (Deficit) of Revenue Over Expenditure for the Year	--	9,973,877	--	911,573	--	10,885,450
Recoverable from (by) the Crop Reinsurance Fund of Canada for Alberta	--	--	--	--	--	--
Recoverable from (by) the Crop Reinsurance Fund of Alberta	--	--	--	--	--	--
Recoverable from (by) the Government of Canada	--	--	--	--	--	--
Recoverable from (by) the Province of Alberta	--	--	--	--	--	--
Recoverable by Producers	--	--	--	--	--	--
	0	0	0	0	0	0
Surplus (Deficit) for the Year	0	9,973,877	0	911,573	0	10,885,450
Surplus (Deficit) at Beginning of Year	0	255,107,730	1,500,000	55,845,313	0	312,453,043
Surplus (Deficit) at End of Year	0	265,081,607	1,500,000	56,756,886	0	323,338,493

2001/2002 Forecast						
	Lending	Crop Insurance Fund	Farm Income Disaster Fund	Hail Insurance Fund	Wildlife Fund	Total
Revenue						
Premiums from Insured Persons	--	61,929,586	--	17,361,000	--	79,290,586
Interest	53,464,152	300,000	--	100,000	--	53,864,152
Contribution from Province of Alberta	14,729,378	61,947,275	67,906,828	--	2,926,452	147,509,933
Contribution from Government of Canada	42,861	50,117,755	--	--	1,314,783	51,475,399
Investment Income	200,000	15,463,330	--	2,837,844	--	18,501,174
Fees and Other Income	3,423,374	--	650,000	400,000	10,800	4,484,174
Amortization of Loan Discounts	--	--	--	--	--	--
	71,859,765	189,757,946	68,556,828	20,698,844	4,252,035	355,125,418
Expenditure						
Indemnities	--	151,432,743	65,000,000	16,065,000	3,697,294	236,195,037
Interest	50,919,519	--	--	--	--	50,919,519
Reinsurance – Private	--	10,295,409	--	211,500	--	10,506,909
Reinsurance – Provincial	--	--	--	--	--	--
Reinsurance – Federal	--	--	--	--	--	--
Farm Loan Incentives	4,957,186	--	--	--	--	4,957,186
Administration Expense	13,983,060	17,622,878	3,556,828	3,499,538	554,741	39,217,045
Provision for Doubtful Accounts and For Losses	2,000,000	20,000	--	--	--	2,020,000
	71,859,765	179,371,030	68,556,828	19,776,038	4,252,035	343,815,696
Excess (Deficit) of Revenue Over Expenditure for the Year	--	10,386,916	--	922,806	--	11,309,722
Recoverable from (by) the Crop Reinsurance Fund of Canada for Alberta	--	--	--	--	--	--
Recoverable from (by) the Crop Reinsurance Fund of Alberta	--	--	--	--	--	--
Recoverable from (by) the Government of Canada	--	--	--	--	--	--
Recoverable from (by) the Province of Alberta	--	--	--	--	--	--
Recoverable by Producers	--	--	--	--	--	--
	0	0	0	0	0	0
Surplus (Deficit) for the Year	0	10,386,916	0	922,806	0	11,309,722
Surplus (Deficit) at Beginning of Year	0	265,081,607	1,500,000	56,756,886	0	323,338,493
Surplus (Deficit) at End of Year	0	275,468,523	1,500,000	57,679,692	0	334,648,215

Appendix 3: Alberta Agricultural Research Institute (AARI)

Business Plan 1999/2000 to 2001/02

Table of Contents

Executive Summary	62
AARI - A Provincial Corporation	63
Mandate, Mission and Vision	64
Overall Strategic Direction	64
Goals, Strategies and Programs	64
Portfolios for Knowledge and Technology Development and Applications	67
Leveraging Outside Funds	70
Emerging Strategic Issues and New Initiatives.....	71
Determining On-going Industry Research Priorities.....	71
Agriculture and Food Research Strategic Plan for Alberta	72
Human Resource Plan	72
Infrastructure	73
Communications Plan	74
Financial Plan	75
Performance Measures.....	76
Implementation Plan	77
Tables	
Table 1: Budget by Research Area	69
Table 2: Revenue and Expenditure.....	75

Executive Summary

- ♦ The Alberta Agricultural Research Institute (AARI) is a provincial corporation. It is governed by a Board of Directors appointed by the Minister of Agriculture, Food and Rural Development. Its mission is to enhance the economic contribution of the agriculture and food industry to Albertans through research and technology transfer. A Strategic Committee advises the Board on matters of strategy, priorities and programs. Other committees assist the Board on project evaluation.
- ♦ AARI pursues its mission through coordination of research and funding research and technology transfer projects. These projects are conducted in private sector facilities, university laboratories and government research centres. The projects supported by AARI complement and expand the scope of research performed internally by the Ministry of Agriculture, Food and Rural Development.
- ♦ Research is important to the pursuit of Ministry goals. Research and technology transfer are among the key strategies of the Ministry for achieving its goals. AARI activities contribute to the achievement of Ministry goals. Within the broad Ministry goals, AARI has set more specific goals.
- ♦ AARI's Business Plan is closely linked to the Research Business Plan of Agriculture, Food and Rural Development and the overall Ministry Business Plan. During this plan period (1999-2002), AARI will manage an average of approximately \$11.4 million per year in support of research and technology transfer efforts that will benefit Albertans. Part of this budget (approx. \$2.3 million) is committed to funding research and development programs important to the agriculture and food industry at Alberta Research Council.
- ♦ AARI has entered into agreements to manage the research components of the Canadian Beef Industry Development Fund, the Canada-Alberta Beef Industry Development Fund and the Alberta Environmentally Sustainable Agriculture Research Program.
- ♦ AARI will continue to emphasize joint funding of projects with the private sector through matching grants. It will cooperate with other organizations, such as the Agriculture Value Added Corporation, in supporting value added processing research and development. AARI initiated in 1997 a Value Added Technology Transfer Program with funds from the Canadian Adaptation and Rural Development Fund. This program will remain in operation until May 31, 2000.
- ♦ Support for basic and applied research projects whose benefits will remain in the public domain will continue under the Direct Funding Program. Funds for the Environmentally Sustainable Agriculture Research Program will be managed under the Direct Funding Program along with AARI's contributions to research in this area.

- ◆ A new program for supporting research into emerging strategic issues will be created in the 1999-2000 fiscal year. AARI will work closely with other relevant organizations to create new research capacity in areas such as the development of industrial products from farm commodities, the creation of value added products from waste streams generated on farms and in processing plants, the improvement of water quality, the intensification of efforts in agricultural biotechnology, the enhancement of industry-wide marketing and trade research, and the improvement of niche industries.
- ◆ Industry research priorities will continue to guide AARI's investment in research and technology transfer. AARI will also examine ways of coordinating and facilitating the development of a strategic plan for agriculture and food research in the province as a whole.
- ◆ The results of AARI's investment in research are knowledge and technology advances that have the potential to improve industry productivity, global competitiveness, profitability and environmental sustainability. They are expected to make a significant contribution to the prosperity and well-being of Albertans.
- ◆ AARI periodically retains external consultants to evaluate the economic benefits generated by the projects it funds. Three such evaluations have already been carried out. The most current evaluation was completed in late 1997. It showed an average return of \$78 for every dollar invested in the projects assessed.

AARI - A Provincial Corporation

AARI is a provincial corporation. It is governed by a Board of Directors. The directors are appointed by the Minister of Agriculture, Food and Rural Development. They are drawn from the various sectors of the industry and the research community. They bring a wide range of knowledge, expertise and experience to AARI.

AARI operates as part of the Ministry of Agriculture, Food and Rural Development. Its functions and activities help to broaden the Ministry's capability to meet the wide ranging research and technology needs of the agriculture and food industry. AARI carries out its functions by coordinating and funding research conducted in the private sector, the universities and government research centres.

The Board has established a Strategic Committee which advises it on strategic matters, priorities and business plan development. The Board has also created several project evaluation committees to advise it on the scientific and economic merits of project proposals. This carefully constructed committee structure has enabled the Board to benefit from the wisdom, knowledge and experience of a large pool of highly talented individuals. This system has, therefore, enabled the Board to select and fund high quality projects which have resulted in high rates of return on investment.

The agriculture and food industry is a vital part of the Alberta economy. In 1997, the industry provided employment for 105,200 Albertans and generated an estimated \$13.5 billion in annual economic activity. However, Alberta's geographic location, climatic conditions and changing market forces create continuing challenges for the industry. Maintaining a strong R&D effort is, therefore, essential to meet these challenges and continue to generate prosperity for Albertans.

Mandate, Mission and Vision

Mandate: To coordinate, support and promote research and technology transfer in the agriculture and food industry.

Mission: To enhance the economic contribution of a sustainable agriculture and food industry to Albertans through research and technology transfer.

Vision: In the year 2005, the Alberta Agricultural Research Institute is the recognized leader of strategic actions in research that stimulate growth and support sustainable development in a dynamic agriculture and food industry.

Overall Strategic Direction

The long range strategic direction of AARI is to play a leadership role in facilitating the development of industry-wide collaborative and complementary research activities while maintaining its current research funding practices. AARI will encourage industry and the research community to focus on research that will increase the industry's ability to remain **technologically advanced, globally competitive, financially profitable, and environmentally sustainable**. The more specific long-range strategies of AARI are to:

- ♦ Lead the development of an industry-wide research priority setting, information sharing and strategic collaboration.
- ♦ Promote excellence in research.
- ♦ Fund research and technology transfer projects of greatest benefit to Albertans.
- ♦ Analyze and address emerging strategic issues.

Goals, Strategies and Programs

AARI has four goals. These goals are consistent with and linked to the overall Ministry goals which are described in the Ministry Business plan. Descriptions of AARI goals and expected outcomes as well as the strategies and programs needed to meet the goals follow:

Goal 1: Increased Effectiveness in Research Through Collaboration of Agencies and Researchers

Expected Outcomes:

- a. Major knowledge gaps are identified and the sector is working collaboratively and strategically to fill gaps.
- b. Research priorities and project assessment processes align with the mission and vision of AARI.
- c. Investments are being made in the people, tools and facilities required to ensure that Alberta is developing and attracting leading edge people and industrial partners to do research in the province.

- d. Clusters of research and development (networks) have been identified and developed in Alberta, stimulating increased investment in commercial application of research results.

Strategies:

- a. Provide leadership for a strategic, coordinated approach to develop industry-wide cooperative and complementary research capability.
- b. Analyze emerging strategic issues and future options; formulate visions and set long-term directions so that Alberta's agriculture and food industry will have access to leading edge technology.

Programs to Implement the Strategies:

- a. Focus on Research Opportunities Program
- b. Focus on Emerging Strategic Issues Program
- c. Research Coordination Program

Goal 2: Increased Industry Competitiveness, Profitability and Sustainability

Expected Outcomes:

- a. The focus has expanded from commodity driven research to the value added and multi-disciplinary efforts.
- b. Research is strategically focussed within the diverse spectrum of the agriculture and food industry.
- c. AARI is looking beyond the boundaries of Alberta and Canada, identifying and assessing global market and technology transfer opportunities that could contribute to supporting the growth goal.

Strategies:

- a. Attract creative ideas and research proposals for improving the industry.
- b. Select and fund the research proposals that offer the greatest potential economic and environmental benefits to Albertans.
- c. Encourage greater private sector support for research.
- d. Strengthen research in value-added processing in cooperation with partners.

Programs to Implement the Strategies:

- a. Farming for the Future Matching Grants Program
- b. Farming for the Future Direct Funding Program
- c. Canadian Beef Industry Development Fund - Research Component
- d. Canada-Alberta Beef Industry Development Fund Research Program
- e. Externally Funded Research Program
- f. Alberta Environmentally Sustainable Agriculture Research Program
- g. Alberta Research Council - Funding for Agriculture Related Programs

Goal 3: Increased Application of Research Results

Expected Outcomes:

- a. AARI is working with sectors complementary to agriculture and food to broaden the application of research results and build value chains.
- b. Research and development is recognized as a key engine for sustainable economic growth.

Strategies:

- a. Provide the results of research to agriculture, food and rural development specialists, as well as to producers, processors, consumers and others through reports, articles, publications, conferences and by electronic means.
- b. Support demonstration projects.

Programs to Implement the Strategies:

- a. Information Dissemination Program
- b. Farming for the Future On-Farm Demonstration Program
- c. Value Added Technology Transfer Program

Goal 4: Increased Investments In and Recognition of Research

Expected Outcomes:

- a. Adequate research funding is available to support research required to reach and exceed the economic goals of the province.
- b. Increasing investment in research from public and private sources is contributing to a knowledge-based economy.
- c. In some cases, AARI is providing direct funding to stimulate priority activities.

Strategies:

- a. Establish networks and/or alliances with research funding and research performing agencies. The provincial, national and international agencies will be approached to share information and resources to achieve common goals related to research and development in the agriculture and food industry.
- b. Establish and support R & D partnerships within the public sector and industry to find solutions to emerging issues facing agriculture and food industry in Alberta.
- c. Establish a decision-making process to identify strategic issues and recommend those for special R & D investment by Alberta Government.

Programs to Implement the Strategies:

This is a new initiative and new programs will be developed and implemented:

- a. To establish alliances and network with other organizations who share a similar vision and goals with AARI;
- b. To finance research and development specifically in support of emerging and strategic issues, which may be large, complex and require long-term financial support;
- c. To improve agriculture and food R & D capabilities in the Province.

Portfolios for Knowledge and Technology Development and Applications

During the current plan period, several research and technology transfer projects will be supported in five research portfolios:

Value Added Processing Development

- ◆ Adding value to Alberta crop and livestock products.
- ◆ Improving food safety and quality through novel packaging//bio-preservation
- ◆ New and improved food and non-food product development.
- ◆ Food processing cost reduction and improved efficiency.
- ◆ Processing waste management.

Livestock Development

- ◆ Livestock production efficiency, safety, quality, disease and pest control methods.
- ◆ Livestock improvement for various production and processing traits - including genetic marker identification.
- ◆ Enhancing feed efficiency, feed protein utilization, nutrition modelling and incorporation of locally grown feed ingredients in livestock rations.

Crop Development

- ◆ Crop production efficiency, weeds, disease and pest management, safety and quality improvement.
- ◆ Crop variety and new crop development with desirable traits.

Environmental (soil, water, and atmospheric resources) Stewardship

- ◆ Land management, efficient use, quality improvement, biological nitrogen fixation.
- ◆ Fertilizer use and sustainability.
- ◆ Management systems for manure and wastes.
- ◆ Irrigation management and water quality improvement.
- ◆ Impact of new technologies on land, water, wildlife habitat and biodiversity.
- ◆ Integrated resource management systems for crop, livestock and wildlife production.

Industry-wide research issues

- ◆ Marketing and trade.
- ◆ Rural development.
- ◆ Cross sectoral socio-economic issues

AARI supported research and related scientific activities build on and expand the Ministry's internal research efforts and are complementary to industry-wide research. This is accomplished by enhancing and fostering agriculture and food related research both within the Department of Agriculture, Food and Rural Development (AAFRD) as well as in private sector organizations, the universities, federal and provincial government research centres. The knowledge and technology development areas funded by AARI in other organizations broaden, augment and complement the research work done within AAFRD.

Through its funding programs, AARI supports research conducted by over 200 scientists working in external organizations. These scientists apply their intellectual talents and skills to solving problems and developing technologies directly relevant to Alberta's agriculture and food industry. When combined with internal Ministry researchers, AARI's external support of research projects more than doubles the total number of researchers working on innovative ways of improving Alberta's agriculture and food industry. Thus, AARI programs substantially increase the research results available to industry far beyond what can be achieved through internal Ministry efforts alone.

AARI has made considerable progress in building an extensive network of researchers that generate results and a technology transfer system that will promote their practical application. As a result, partnerships have been strengthened. Research capacity has been more fully utilized. Knowledge advances and technology transfer have been achieved more rapidly and at more reasonable costs. Today, Alberta's agriculture and food industry is one of the most dynamic and rapidly growing sectors of its kind in the nation. An even stronger foundation is being laid for making the industry more globally competitive, profitable and sustainable as it embarks on the new knowledge intensive era of the 21st century. AARI also works very closely with AAFRD in transferring research results to primary producers and processors. AAFRD staff play key roles in the operation of AARI's On-Farm Demonstration and Value Added Technology Transfer programs. Table 1 presents the planned allocation of funds by portfolios.

TABLE 1

ALBERTA AGRICULTURAL RESEARCH INSTITUTE (AARI)
Research & Development (R&D) and Related Scientific Activities (RSA)
Budget Forecast for 1998-99 and Projections for 1999-2000, 2000-2001 and 2001-2002
by Research Portfolios¹
(\$'000)

RESEARCH PORTFOLIOS	R&D 98-99	RSA 98-99	98-99 BUDGET TOTAL	R&D 99-2000	RSA 99-2000	99-2000 BUDGET PROJECTION TOTAL	R&D 2000-01	RSA 2000-01	2000-01 BUDGET PROJECTION TOTAL	R&D 2001-02	RSA 2001-02	2001-02 BUDGET PROJECTION TOTAL
PROCESSING	1,718	98	1,816	1,482	85	1,567	1,459	83	1,542	1,446	83	1,529
LIVESTOCK	3,459	197	3,657	3,105	177	3,282	2,997	171	3,168	2,972	170	3,142
CROPS	4,675	267	4,942	4,237	242	4,479	4,071	232	4,303	4,037	230	4,267
SOIL & WATER	1,835	105	1,940	1,590	90	1,681	1,562	89	1,651	1,548	88	1,638
INDUSTRY WIDE ISSUES				473	27	500	237	13	250	237	13	250
TOTAL	11,687	667	12,354	10,887	621	11,509	10,325	589	10,914	10,240	584	10,824

¹The figures in this table are based on the consolidated potential expenditure flowing through AARI, including provincial funding, interest earnings, fees, contracts with external organizations and funds targeted for agriculture and food related programs. See table 2 for further details.

Leveraging Outside Funds

AARI investment in R&D leverages considerable investment by other organizations. Its project funding programs essentially have built-in mechanisms for triggering leverage.

AARI funds research and technology transfer projects through a competitive selection process. The successful projects are selected on the basis of their scientific and economic merits. The costs eligible for funding by AARI are primarily operating costs only. The fixed costs of the projects (i.e., charges for land, buildings and power as well as the salary of the principal researcher) are paid by the organization at which the research is performed. Hence, every AARI supported project carries with it funds leveraged from other organizations. In short, AARI directly leverages funds from outside organizations through a number of approaches:

1. **Matching contributions provided by the private sector.** Under this approach, AARI matches private sector contributions toward the operating costs of an approved project. In addition, the project manager's organization, for example, a university, a federal government agency or a provincial facility, pays the fixed costs attributable to the project. These costs are often estimated to be equal to the project operating cost.

When the combined contributions are considered, AARI's Matching Grants Program leverages \$2 or more dollars for every \$1 invested in research projects of direct relevance to Alberta's agriculture and food industry. In 1997/98, AARI invested \$2,975,000 under this Program. The overall amount leveraged by AARI, therefore, exceeds \$6 million.

2. **Direct support for research.** Research projects whose results are "in the public interest" (such as, basic research, environmental studies, emerging products, etc.) are funded directly by AARI. Investment under this program is expected to generate at least \$1 for every dollar invested. In 1997/98, approximately \$1.7 million was invested under this program, thus leveraging the same level of expenditure by the organization on a project selected by AARI because of its potential benefit to society.
3. **Industry funded programs managed by AARI.** AARI manages certain industry funded programs. The operating cost of projects funded under these programs is paid for by industry funds. These funds are being spent on research through AARI because AARI has the mechanism and the capability to manage such programs. Hence, AARI is leveraging its investment in its managerial skills and organizational structure. In 1997/98, AARI managed over \$2 million in industry funds.
4. **Technology Transfer programs.** AARI has programs aimed at transferring knowledge, technology and products to primary producers and processors. Industry makes cash and in-kind contributions at least equal to and, in many cases, more than twice the amount AARI contributes to the project.

In summary, AARI leverages an estimated \$2 for every dollar it invests. In 99/2000, the amount leveraged will exceed \$23 million.

Emerging Strategic Issues and New Initiatives

New issues that influence the future of the agriculture and food industry constantly arise. AARI will create a new program in the 1999-2000 fiscal year that will support projects and activities aimed at exploring and resolving such issues. The name proposed for the new program is “Focus on Emerging Strategic Issues”. The Strategic Committee may assume the responsibility for managing the program.

The Committee may identify the issues to be examined by consulting industry groups, research committee members or the research community. It will organize a workshop, if necessary, to thoroughly discuss the issues with the relevant industry sectors and researchers. It will then recommend follow-up action to the Board. The follow-up action could involve funding research projects on a multi-disciplinary basis jointly with other organizations or setting up a mechanism for resolving the issue in some other way. The program will have an annual budget which the Board may allocate to individual projects or activities recommended under the program.

Some of the currently identified emerging strategic issues are:

- Food Safety
- Agricultural biotechnology
- Water Quality
- Waste Management
- Research Capacity Improvement
- Functional Foods and Nutraceuticals
- Greenhouse Gases and Climate Change

Determining Industry Research Priorities

AARI will examine the possibility of establishing a modified approach to determining industry research priorities. In the past, AARI used the Focus on Research Opportunities Program as one means of examining leading edge work and determining industry research priorities. Under that program, a series of workshops were organized. During the workshops, invited participants from industry and research organizations discussed leading edge work and identified research priorities. The workshops were organized on a commodity by commodity or discipline basis. Hence, the entire agriculture and food industry was covered on a three year rotation basis.

The second round of these workshops was completed in 1998/99. As a result of these workshops, AARI has accumulated a large volume of information on current leading edge research and key research priorities for the agriculture and food industry. AARI will continue to use this wealth of information in formulating future priorities.

During the current plan period, the possibility of using a modified version of the Focus on Research Opportunities Program to determine industry research priorities will be examined. One option is to involve AARI research committee members along with invited representatives of industry and research organizations to participate in research priority workshops. It is envisioned that such workshops can be organized annually or biannually and will function under the leadership of the AARI Strategic Committee. If implemented, this proposal will place AARI in a key leadership role for coordinating the development of provincial priorities for agriculture and food research.

Agriculture and Food Research Strategic Plan for Alberta

The next logical step in the determination of provincial research priorities is the development of a strategic plan for province-wide agriculture and food research. Such a plan will help establish realistic goals, identify the resources needed to meet those goals and clarify the roles of the various public and private sector research organizations. The plan will thus lead to a concerted and coordinated push toward greater advances in knowledge and technology. Albertans stand to gain increased prosperity from such advances while sustaining the productive capability of the agricultural resource base.

During the current plan period, AARI will provide leadership for the development of a provincial strategic plan for agriculture and food research. It will work with the industry, the research community and government organizations to develop a provincial set of priorities, vision, goals, strategies and division of responsibilities for agriculture and food research.

Human Resources Plan

The Board sets the overall policy and direction to be followed in AARI operations.. The Strategic Committee analyses the key issues, develops strategic directions and advises the Board on appropriate courses of action to meet future challenges and seize new opportunities.

To assist it with project evaluation, the Board has also established 6 research committees, 5 on-farm demonstration committees and one value added technology transfer project review committee. The total number of people serving on the AARI Board and committees exceeds 100. They include producers, processors, researchers and specialists. They bring intellectual capacity, scientific expertise and broad experience to AARI's decision making process.

Daily operations of AARI are jointly carried out by AARI and Research Division staff. AARI has a full time equivalent staff of 10, including 3 temporary positions created with industry contract funds. This is complemented with 8 staff in the Research Division who spend part of their time on AARI activities.

In addition, staff working on projects internally administered by AARI for Alberta Agriculture, Food and Rural Development researchers are considered AARI employees. The number of FTE's involved is variable from year to year. It is dependent on the number of projects approved annually for AAFRD staff. For example, in 1998/99 the total number of projects approved for AAFRD staff are 43 compared to 46 in the previous fiscal year.

The human resources available to AARI have a range of training, skills and experience. The talent and commitment of the Board, the expertise of committee members and the knowledge, and efficiency of staff have enabled AARI to develop into a high performance organization.

AARI currently has a full complement of staff with:

- ♦ scientific and technical knowledge in agriculture and food,
- ♦ research program management skills,
- ♦ financial management and accounting skills,
- ♦ technical and non-technical writing skills, and
- ♦ secretarial, word processing, computer operations and file management skills.

AARI's human resources plan is to:

- ♦ recruit the best qualified and most capable staff,
- ♦ provide on-going opportunities for training, skill development and job enrichment,
- ♦ provide up-to-date office technology and a conducive, stimulating work environment,
- ♦ encourage continuous improvement in efficiency,
- ♦ support staff in their plans to balance work and family duties, and
- ♦ promote a cooperative teamwork.

Internal Efficiency

Internal efficiency and productivity will continue to be emphasized. During the plan period, internal efficiency will be monitored based on:

- ♦ the change in the number of projects managed per full time staff equivalent,
- ♦ the change in the amount of funds managed per full time staff equivalent.

It is recognized that the significantly increased number of matching grants projects and industry supported programs have increased the workload on staff. Additional staff have been hired in the past year to help manage the newly added industry funded research programs. The situation will be closely monitored during the plan period.

Infrastructure

As a research coordinating and funding agency, AARI does not maintain infrastructure. Its head office is located in the Ministry of Agriculture, Food and Rural Development premises in Edmonton. Hence, the lion's share of its funds are devoted to supporting R&D projects.

Through its project funding programs, however, AARI does provide funds for the acquisition (through leasing or purchasing if necessary) of scientific equipment needed to conduct approved projects. The approved amounts vary from project to project. They are primarily based on the scientific and economic merits of the project.

AARI also leases a number of office equipment- computers, printers, photocopiers, projectors, etc. - in its head office. They are used in running its highly automated day-to-day operations.

Communications Plan

The AARI communications plan is focussed on transferring the results of research it supported to primary producers, processors, specialists, researchers, government policy makers, and the general public. The best means of providing information to each client group will be used.

In general, AARI will use publications, technology transfer projects, the Internet, direct mail out of documents, conferences, seminars and symposiums to transfer research results to Albertans. AARI is currently on the Internet as part of the Ministry's home page "Ropin the Web". During the plan period, AARI will examine its electronic presence on the Internet, including the possibility of installing an interactive system which may facilitate the exchange of documents and submission of applications electronically.

AARI's communications reach continues to expand. A large volume of research results and program related information have already been placed on the Internet. The site receives considerable hits from several national and international locations. Many electronic inquiries are also received annually from individuals within and outside Alberta. This trend is expected to grow during the plan period.

Financial Plan

Table 2
Agricultural Research Institute Business Plan
Revenue and Expenditure (in thousands of dollars)
for 1997/98 to 2001/2002

	1997/98 Actual	1998/99 Forecast	1999/2000 Projection	2000/2001 Projection	2001/2002 Projection
Revenue:					
¹ Transfers from the Province	7,994	8,073	9,077	8,582	8,582
Provincially Sponsored	216	700	690	680	680
² Federal Government Initiatives	1,712	1770	50	50	50
Investment Income	222	210	210	190	190
³ Other Revenue	964	1,635	1,078	962	860
Total Revenue	11,108	12,388	11,105	10,464	10,362
Expenditure:					
Research Programs	9,906	11,079	10,170	9,565	9,465
Technology Transfer	750	740	740	740	760
Administration	465	441	499	509	499
Total Operating Expenditure	11,121	12,260	11,409	10,814	10,724
⁴ Capital Investment	-	-	100	100	100
Total Expenditure	11,121	12,260	11,509	10,914	10,824
⁵ Revenue Over Expenditure	<15>	<128>	<404>	<450>	<462>
Unexpended Funds at Beginning Of Year	1,699	1,686	1,814	1,410	960
Unexpended Funds at End Of Year	1,686	1,814	1,410	960	498

¹ Includes the Alberta Research Council-Vegreville for agriculture and food related research programs.

² Includes Beef Industry Development Fund and federally sponsored projects.

³ Other Revenue consists of: a) External funds received from sponsors for specific research.

Expenditures are made according to each contract with the sponsor. Revenue equals expenditure and unused funds are returned to the sponsor. b) Royalty revenue which is restricted for use in the program generating the benefit. The revenue is deferred until a program expenditure is made. c) Fees earned that may offset additional FTE support if required.

⁴ Contingency capital investment budget for contract expense (external funds).

⁵ Unexpended funds are applied to deficiency of revenue over expenditure.

Performance Measures

Performance measures are designed to track whether AARI programs and activities are contributing to the achievement of AARI's own goals and the overall goals of the Ministry. These measures should be able to reflect changes in priorities and should also be useful for managing programs throughout the year. Four sets of performance measures that meet these criteria will be used to measure the results of AARI programs and activities.

- ♦ Input Measures - These include project proposals received, projects funded and funds committed to research projects.
- ♦ Process Measures - These measure the effectiveness of the approaches used for identifying, preparing and distributing priorities, proposal evaluation system and project management.
- ♦ Output Measures - The new information, knowledge or technology produced by AARI programs.
- ♦ Outcomes or Socio-Economic Measures - These measure the benefits or impacts of the program outputs on industry and society.

Key Results: New information, knowledge and technology that will improve the global competitiveness, profitability and environmental sustainability of the agriculture and food industry and their transfer to industry

	Measure	Baseline Data (1997/1998)	Target (1999/2002)
Input :	Number of proposals funded	Four hundred fourteen (414) proposals reviewed and 277 projects funded.	Four hundred sixty (460) proposals reviewed and 300 projects funded per year. The projects may take an average of three years to complete.
Process:	Up-to-date research priorities and applications prepared and distributed to potential applicants.	Research priorities and application forms distributed to potential applicants 8 weeks in advance of deadline.	Priorities and application forms distributed to potential applicants at least 6 weeks in advance of the application deadline.
Output:	Project final reports containing new information, knowledge and technology received and made available to industry.	One hundred twenty six (126) final reports received and made accessible to industry.	A minimum of 130 project final reports received and made available to industry annually.
Outcome:			
	1. An informed assessment of the potential impact or benefits of the project results to industry and the provincial economy as assessed qualitatively from low to high.	Three separate consultant's estimates of return on investment were received over the last ten years: 1989 - a \$12 return for every dollar invested; 1992 - a \$60 return for every dollar invested; 1997 - a \$78 return for every dollar invested.)	1. Medium to high impact assessment received by the majority of the results generated annually. economy for every dollar invested.
	2. An economic evaluation of the project results conducted by an external, arms-length, consultant at appropriate time intervals.		2. High return on investment expected when economic evaluations of project results are conducted by an arms-length consultant at appropriate (3 to 5 year) intervals.

Ultimate Benefits of Research

The ultimate value of research results is the improvement in industry productivity, competitiveness, profitability and sustainability they make possible. Research results are, however, applied in industry in diffused and many unexpected ways. Hence, the data on industry performance, coupled with the results of economic evaluations of projects funded gives a good measure of the contributions of AARI activities to the socio-economic well being of Albertans.

Future Direction & Strategy Development

The AARI Strategic Committee and the Board will continually examine AARI's current performance and future direction. They will develop new priorities and strategies to properly position AARI for the challenges of the 21st century.

Implementation Plan

AARI's business plan will be implemented in a manner that will focus its resources on its goals and the achievement of key results. It will use its performance indicators and measures to monitor progress and ensure that it is on course to meet its targets.

AARI's commitment to research coordination will be maintained. The two programs that have the strongest impact on coordination and cooperation, the Focus on Research Opportunities Program and the Research Coordination Program, will remain, with appropriate modification as necessary.

In addition to managing its existing research and technology transfer funding programs, AARI will undertake three new initiatives during the plan period. It will start a new program called "Focus on Emerging Strategic Issues". This program will involve the identification of strategic issues and the development of follow-up action to respond to the issues. The follow-up action may involve funding multi-disciplinary projects jointly with other partners. The other two areas relate to the determination of industry research priorities and the formulation of a province-wide strategic plan for agriculture and food research. These two initiatives take AARI's duties to a higher plane. They require AARI to foster a new era of joint strategic planning and shared responsibilities to pursue a common Alberta vision for agriculture and food research.

Efforts will continue to encourage private sector support for research. Since AARI funds projects in private sector research facilities, universities and government research centres, industry can access the expertise and facilities available at these organizations. The research organizations can also benefit from the increased joint funding of research projects.

AARI will build on its past performance and the current strong linkage it has with the industry and research organizations to further solidify partnerships. As a result, Alberta's agriculture and food industry will have a powerful science and technology base from which it can draw new knowledge, innovative technology and novel products. The base can, thus, enable the industry to solve problems, meet challenges and seize opportunities of the new century.

Appendix 4: Alberta Dairy Control Board

Business Plan 1999/2000 to 2001/02

Table of Contents

Executive Summary..... 80

Mandate 80

Roles and Responsibilities..... 81

Operations..... 81

Industry Needs and Services 81

Programs and Services 82

Measurable Results 83

Action Plan 89

Financial Plan 90

Executive Summary

The Dairy Board Act sets out the regulatory powers of the board to “control and regulate the sale of milk in Alberta”.

Alberta has 1,000 dairy producers. The gross value of raw milk is \$348 million annually. The dairy industry has a positive impact on the service industry. The sale of dairy animals contributes approximately eight per cent of the overall Alberta beef industry revenues. Alberta has 22 dairy processing plants, owned and operated by 14 companies. The wholesale value of processed dairy products total \$700 million, more than double the value of raw milk. All Alberta-produced milk is further-processed in Alberta.

Board revenue is received as follows: 54 per cent by producers, 27 per cent by processors and 19 per cent in the form of an Alberta Government grant.

Alberta is a member of the National Milk Marketing Plan and is represented at the Canadian Milk Supply Management Committee meetings by the Board Chairman and two industry representatives. Currently, Alberta is the third largest dairy province, currently holding 6.3 per cent of the Canadian industrial milk quota and producing 7.8 per cent of Canada's milk supply. This represents a shortfall of production potential compared to our population.

The Dairy Board continues to facilitate inter-provincial and export trade. Dairy products move freely throughout western Canada and export contracts are shared among producers in Alberta, British Columbia, Manitoba and Saskatchewan.

Other organizations rely on the Board's audit function to verify data accuracy. The audit function also ensures accurate producer payment. Agencies such as Statistics Canada and the Canadian Dairy Commission use information provided by the Dairy Board, thereby eliminating duplication and improving information gathering efficiency.

A provincial milk equalization payment system is operated by the Board. This procedure depends on a high level of cooperation between processors and the Board. Very tight time-lines are maintained to equalize \$29 million in monthly payments between processors who, in turn, make payments to producers.

The Board maintains a registry for all quota records in Alberta. The Board administers quota transfers that often involve lender security, assigns producers to specific processors for payment, and acts as the agent for the Canadian Dairy Commission.

Producers and processors also benefit from management extension services offered by Board staff.

Mandate

The Dairy Board's mandate is to ensure an adequate supply of safe quality dairy products are available to consumers at reasonable prices by ensuring that policies and services support a profitable, competitive market-driven Alberta dairy industry.

Roles and Responsibilities

The Alberta Dairy Control Board is in the business of agriculture and food industry development. Orderly marketing procedures bring about sufficient milk to meet consumer demand and ensure a relatively stable price. The Dairy Board acts as the industry referee by providing an appeal mechanism for producers, processors, consumers and government. Development of policies in consultation with industry fosters a competitive, market-driven dairy industry and encourages value-added processing in Alberta.

Dairy farmers, processors, consumers, lending institutions, milk haulers, distributors, food retailers, provincial government departments, federal government departments and agencies, and educational research institutions are clients of the Dairy Board.

Operations

The Board is composed of five members appointed by the Lieutenant Governor in Council. A Policy Committee made up of key industry and government personnel provides advice to the Board on policy issues.

Alberta is a member of the National Milk Marketing Plan, the Chairman of the Dairy Board is one signatory. Through the Canadian Milk Supply Management Committee, the Board provides input to the Canadian Dairy Commission on policy matters affecting the Alberta dairy industry.

An administrative staff complement of ten is employed to carry out Board policies and procedures. Staff expertise includes audit, accounting, business analysis, quota systems administration, and administrative support. In-house computer capability that maintains quota and shipment data, and receives and disperses data electronically with outside agencies will meet industry needs for several years.

Industry Needs and Opportunities

Alberta processors process 100 per cent of the raw milk and cream produced in the province. The farm gate value is \$348 million; the wholesale value of processed dairy products exceeds \$700 million. Competitive forces within Canada challenge the industry to process products that are in higher consumer demand. Alberta has many natural advantages for expanded production and value-added processing.

Alberta producers are among the most efficient in Canada. Average herd size and production per cow is nearly the highest in the country, comparable only with British Columbia. Alberta has a disproportionately smaller share of the national quota for industrial milk compared to our population. Moderate growth opportunities exist if we are successful in negotiating more market share quota for Alberta producers.

Processor efficiency suffers from lack of scale and increased distribution cost in comparison to Ontario and Quebec processors. We must encourage increased plant through-put and ensure processing and distribution costs are not unnecessarily increased by demands of government.

Processor consolidation continues. Alberta processors manufacture nearly all of western Canada's ice cream, yogurt, and sour cream.

Producers benefit from an independent agency that has access to client confidential records to ensure accurate and timely payment.

The Board will continue to strive to simplify the quota regulations and administration to reduce industry cost.

Export market opportunities exist for producers and processors. An Optional Export Program offers producers and processors the opportunity to increase production and processing to meet foreign customer needs.

Programs and Services

- ♦ The Dairy Board acts as the industry referee. Alberta is unique in Canada in that it has an operating structure that brings producers and processors together on a routine basis to discuss industry issues and make recommendations to the Dairy Board. By performing this role, the conflict and turmoil experienced in other provinces is minimized.
- ♦ The Dairy Board provides an appropriate appeal mechanism for producers, processors, consumers and government. With strong enabling legislation, the Dairy Board can provide services which limit unnecessary legal costs and court challenges.
- ♦ Inter-provincial trade is important to Alberta. The Dairy Board will continue to monitor all interprovincial trade barriers for milk and milk products and encourage free trade wherever possible.
- ♦ To ensure accurate producer returns, processor records are audited. Dairy Board staff provide technical assistance to producers and processors on payment procedures. In addition, the Dairy Board offers liaison with the Canadian Dairy Commission respecting payment, special class and western milk pooling.
- ♦ A market-responsive dairy industry will be competitive. Deregulation that stimulates a more competitive market driven industry while providing an orderly transition period is a goal. The deregulation process must continue. Change can be managed to prevent short-term economic disruptions.
- ♦ The Dairy Board provides service to the industry by calculating producer payment through a price equalization pool.
- ♦ The Dairy Board sets the farm gate price of industrial milk. In addition, the Dairy Board administers the producer price as set by the Energy and Utilities Board under authority of the Dairy Board Act.
- ♦ Milk allocation to processors to achieve the highest possible producer returns from the highest value-added processing is a Board responsibility.

- ♦ The Dairy Board is responsible for issuing fluid quota (liquid milk) and market share quota (industrial) to producers. As part of the service, the Dairy Board maintains a registry of licensed producers, quota allotments, security documents on behalf of producers and lenders, collects data and supplies statistics to the Canadian Dairy Commission, Statistics Canada, Alberta government agencies and the dairy industry.
- ♦ A western Canadian regional milk pooling agreement is operating. The first step has been adopted in administering the long term goal of free and uninhibited inter-provincial quota movement.

Measurable Results

Ministry Goal #1: Improved access to domestic and world market opportunities.

ADCB Goal #1: Expand exports of dairy products from Alberta and increase farm production.

Key Results:	Indicators: (the "gauge used to determine the measure, such as a client survey)	Measures: (the standard of comparison, judgement or estimation used to determine success e.g. the survey results provide the measures.)
<ul style="list-style-type: none"> • Dairy exports and corresponding farm production increased by 20 per cent. 	<ul style="list-style-type: none"> • Extension of existing contracts and new contracts. • Actual recorded volumes of exports. • Record of participating producers. 	<ul style="list-style-type: none"> • Current exports under OEP are 2 million litres or \$0.5 million annually. • Production meets the market demand. • Decision on approval of export applications meeting criteria within 24 hours.

Strategies:

- ♦ Support the Optional Export Program concept.
- ♦ Provide input to Canada's Dairy Export Strategy.
- ♦ Streamline administrative procedures and decision-making to encourage export expansion.
- ♦ Keep producer participation in export programs optional to the individual producer.
- ♦ Inform processors of export opportunities and program benefits.

Ministry Goal #1: Improved access to domestic and world market opportunities.
ADCB Goal #2: Continue to work with the four western provinces through the Western Milk Pooling agreement to capitalize on new market opportunities, both domestic and export.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> • The Western Milk Pooling agreement continues to exist. • Western provinces participate in inter-provincial quota movement and the Optional Export Program. • The position where no interprovincial barriers to trade exist is maintained. • Alberta producers gained access to higher, value-added markets. • Processor investment is increased and competitiveness is improved. • Western Milk Pool revenue-sharing continues. 	<ul style="list-style-type: none"> • Alberta continues to participate in Western Pooling. • Full adoption of policies and procedures for quota transfer between provinces within two years. • Quota transfer data. • Milk utilization data. • Licensing data. • Increased plant throughput. • Optional Export Program contracts executed. • New entrants to the Alberta dairy industry. • More processor specialization. • The number of national and international companies operating in Alberta. 	<ul style="list-style-type: none"> • Alberta producer income increases as a result of the higher value-added products. • Processor specialization or diversification increases. • Processor investment in plant and equipment increases. • Producer average price increases or remains stable.

Strategies:

- ♦ Support and provide technical input to the Western Milk Pool technical and co-ordinating committees.
- ♦ Encourage development and adoption of policy and procedures that allow quota to move freely within western Canada.
- ♦ Encourage value-added processing through industry consultation.
- ♦ Encourage new investment in processing plant equipment and new technologies by promoting the Alberta advantage, competitive policy and a business approach.
- ♦ Identify and remove impediments to servicing markets or value-added processing.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.

ADCB Goal #3: Act as the industry referee.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> • Appeals are resolved satisfactorily at the Board level. 	<ul style="list-style-type: none"> • Number of appeals that go beyond the board for legal resolution. • Client survey. 	<ul style="list-style-type: none"> • Benchmark: less than one per cent of appeals proceed beyond Board. • Maintain or improve rating of the 1997 survey (63 per cent of the clients thought the Board was fair in its appeal decisions).

Strategies:

- ♦ All appeals received in writing are reviewed by the Board at the earliest date information is available.
- ♦ Provide for personal appearances before the Board.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.

ADCB Goal #4: Audit procedures conducted to verify accurate producer payment.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> ▪ Each plant is audited yearly with producer and processor records examined in sufficient detail to verify accurate producer payment. Audit standards are established for western provinces. 	<ul style="list-style-type: none"> ▪ Audit findings. 	<ul style="list-style-type: none"> ▪ Audit plan that meets or exceeds the national audit standards.

Strategies:

- ♦ Provide leadership to develop audit standards and procedures.
- ♦ Actively prepare and execute audits at all processors.
- ♦ Train and develop expertise of junior audit staff.
- ♦ Verify accurate producer payment each month.
- ♦ Establish a Western Milk Pool audit committee to develop standard audit procedures in Alberta, British Columbia, Saskatchewan and Manitoba.
- ♦ Audit processor reporting for the Optional Export Program contracts ensuring all program requirements are met.

- Ministry Goal #2:** Improved competitiveness of industry commodities, products and services.
- ADCB Goal #5:** Price milk, at the farm gate, in a manner that provides a fair return to producers while ensuring competitive prices for Alberta processors.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> Prices set in consultation with producers and processors. 	<ul style="list-style-type: none"> Price recommendations by Policy Committee. 	<ul style="list-style-type: none"> Benchmark: set prices fairly and consistently with market forces. Policy committee reviews prices and provides recommendations. Board acknowledges Policy Committee recommendations.

Strategies:

- ♦ Support the Dairy Cost Study.
- ♦ Review other provinces' prices.
- ♦ Review support prices as set by the Canadian Dairy Commission.
- ♦ Consult with Western Milk Pooling partners.

- Ministry Goal #4:** Increase diversity of industry commodities, products and services.
- ADCB Goal #6:** Increase the value added to Alberta's milk supply through cascading milk allocation and encouraging new product development with competitive pricing.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> Milk is utilized in the highest possible class. New products, made from Alberta-produced milk, are introduced in the Alberta market place. 	<ul style="list-style-type: none"> Consumer demand is met for all value-added production. List of new products introduced to the Alberta market. 	<ul style="list-style-type: none"> Processors demand for milk is met 100 per cent of the time on a cascading basis. New technology is employed. Applications for new products are given price consideration for an introductory period.

Strategies:

- ♦ Ensure processors are aware of policies for introducing new products.
- ♦ Keep the approval process simple and timely.
- ♦ Continue to provide funding to Alberta Dairy Nutrition Council in support of nutrition education and research.

Ministry Goal #5: Increase capability of industry to manage risk.
ADCB Goal #7: Assist the Alberta dairy industry to manage risk through effective use of the domestic quota system, Special Class Pooling, Western Milk Pooling, and export contracts.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> Accurate quota records and production records. Producers manage their risk appropriately and determine their portion of Fluid Quota, Market Share Quota, Optional Export Contracts, and over-quota deliveries. Board has provided for a wide range of options available to producers (transfer options, Power of Attorney). 	<ul style="list-style-type: none"> Records are reconciled to monthly pooling records and to Canadian Dairy Commission records. Amount of over-quota production. Client confidence and satisfaction identified through client survey. 	<ul style="list-style-type: none"> Accurate records. Accurate producer payment and processor billing. Clients are kept informed. Producers continue to use all tools available. Level of participation in Optional Export Program. Level of use of transfer options, Power of Attorney, and information services.

Strategies:

- Continue to provide for individual producer decision making. "Individual producers are in the best position to make decisions that affect their farm operation."
- Continue to provide a structure and administrative procedures that allow choice and timely transactions.
- Provide information through newsletters and producer meetings on Western Milk Pooling and national issues to help producers decide which quota "mix" best meets their needs.

Ministry Goal #8: Improved management of the Ministry's resources.
ADCB Goal #8: Continue to meet client needs.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> All inquiries met in a timely manner. Timely and accurate information made readily available to clients. 	<ul style="list-style-type: none"> Client survey. Policy booklets, newsletter, Internet, annual report, meetings, business plan, statistical reports are made available. 	<ul style="list-style-type: none"> Client satisfaction ratings remains at 75 per cent or higher. Meeting attendance. Use of communication tools. Internet hits increase by 10 per cent

Strategies:

- ♦ Maintain high priority on customer service.
- ♦ Publish policies.
- ♦ Ensure newsletters and annual statistical reports contain timely and accurate information and are available to all who are interested.
- ♦ Conduct industry meetings in late fall each year.
- ♦ Staff and Board will be available to meet with or provide information to all clients in a timely manner.

Ministry Goal #8: Improved management of the Ministry's resources.

ADCBC Goal #9: Ensure human resource development to meet industry needs and challenges.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none">• Competent, innovative, professional, well-trained staff.• Staff function as an integrated team.	<ul style="list-style-type: none">• Client survey.• Use of service.• Individual and Board goals are being met.• Employee satisfaction.	<ul style="list-style-type: none">• Client respect and confidence remains at 80 per cent or higher.• On-going staff training in areas of leadership, management, professional and technical skills.• Successfully shared tasks.• Staff attendance.

Strategies:

- ♦ Ensure staff have access to the technology needed to function efficiently.
- ♦ Board goals and objectives are shared with all staff and individual work plans are coordinated with the Board's business plan.
- ♦ Teamwork is encouraged and fostered.

- AAFRD Goal #8:** Improved management of the Ministry's resources.
- ADCB Goal #10:** Optimum use of Board resources including financial and personnel.

Key Results:	Indicators:	Measures:
<ul style="list-style-type: none"> • Auditor General presents audit report without significant findings. • Balanced budget. • No significant variance between budget and actual. • Cross-trained personnel. • Client's needs are met in spite of an employee's absence. • Staff maintain level of specialization. 	<ul style="list-style-type: none"> • Audit report. • Financial Statements and Quarterly Reports. • Organization still functions when someone is absent. • Clients look for particular expertise. 	<ul style="list-style-type: none"> • No significant findings in audit report. • Deviation of less than 10 per cent from budget. • New initiatives funded from reserve, with explanation provided. • No increase in error rates with staff cover-offs. • Team tasks.

Strategies:

- ◆ Continue fiscal scrutiny.
- ◆ Continue implementation of business practices that comply with generally accepted accounting standards.

Action Plan

The Dairy Board must maintain an impartial, open approach that permits producers, processors, consumers and government to have issues reviewed and resolved in a cost effective manner.

Policies that encourage and capture growth opportunities must be developed. Maintaining and increasing production and value-added processing is a priority. Assisting organizations who are seeking markets beyond provincial boundaries is also key.

Information gathering and data transfer must be accurate and timely. Statistics Canada, Agriculture Canada, Alberta Agriculture, Food and Rural Development and the Canadian Dairy Commission depend on the integrity of the Board's data. Audit procedures are necessary to verify data for statistical use as well as accurate producer payment.

The deregulation process must continue to promote a competitive market-driven dairy industry. Short-term industry and price stability must not be sacrificed for the sake of deregulation and change. Supply management has proven to be an effective tool in ensuring consumers receive a quality product on a continual basis at stable prices. Industry investment in production and processing facilities is indicative of the stability brought about by supply management. Producers can use a combination of fluid milk quota, market share (industrial) quota, Optional Export Program contracts or compete on the world market to best manage risk.

The Dairy Board is currently 81 per cent industry-financed. Achieving a balance of opinion among competing interests is a short and long term goal.

Calculation of producer payments through a price equalization pool is a key function of the Dairy Board. Creation and operation of the Western Milk Pool offers producers and processors the opportunity to participate in all sectors of the regional market.

Alberta is in a position to provide pro-active leadership to the western Canadian dairy industry. Managing change is essential. Using existing resources and expertise, the Dairy Board can service the needs of producers, processors, consumers and government in meeting future challenges.

Financial Plan

(\$000)	1997/98 Actual	1998/99 Forecast	1999/2000 Estimate	2000/2001 Projection	2001/2002 Projection
Revenue					
Transfers from the Province	157	162	164	176	176
Producer Assessments	756	559	432	432	432
Processor Assessments	221	220	216	216	216
Investment Income	--	42	--	--	--
Restricted Revenue	61,334	46,860	46,860	46,860	46,860
Other	1,184	1,050	1,044	1,044	1,044
Total Revenue	63,652	48,893	48,716	48,728	48,728
Expenditure					
Dairy Board Operations	2,479	1,933	1,886	1,898	1,898
Restricted Expenditures	61,334	46,860	46,860	46,860	46,860
Total Expenditures	63,813	48,793	48,746	48,758	48,758
Net Surplus (Expenditure)	(161)	100	(30)	(30)	(30)

NOTE:

Deficit budgets for 1999/2000, 2000/2001 and 2000/2001 are financed from Board reserves to cover grants provided to Alberta dairy producers for participation in Alberta Agriculture, Food and Rural Development's dairy cost study.

Appendix 5: Farmers' Advocate and Farm Implement Act Administration
Business Plan 1999/2000 to 2001/02

Table of Contents

Executive Summary..... 92

Introduction..... 92

Nature of the Farmers' Advocate 93

Strategies for the Future 93

Financial Plan 94

Appendix 5: Farmers' Advocate and Farm Implement Act Administration

Business Plan 1999/2000 to 2001/02

Executive Summary

It is important that those involved in agriculture be offered every opportunity to avail themselves of the Alberta Advantage.

The Office of the Farmers' Advocate continues to act as an independent source of information which provides mediation service covering all concerns as raised by rural Albertans, directly affecting agriculture as well as those outside influences which affect their property.

The Farmers' Advocate Office is leading discussions which are now being finalized with Saskatchewan and Manitoba regarding the harmonized Farm Implement Act. Amendments to the Farm Implement Act will be proposed for the 2000 spring session of the Legislature.

The Farmers' Advocate Office will continue to liaise with all stakeholder groups including provincial and municipal governments to assure that those involved in agriculture have access to the information and policies necessary to improve their competitive advantage.

Introduction

The agricultural industry in Alberta finds itself immersed in a rapidly changing world economy. The rural community must adapt to new methodology in business in a very competitive marketplace. Shifting paradigms with information and technology are daily occurrences. The traditional role of government also changes. These factors together place increased pressure on farmers, ranchers, and landowners in rural Alberta. Growth in Alberta's agricultural sector is also expected to continue well into the 21st century. It follows that increased demand on producers means increased demand on the Office of the Farmers' Advocate.

The Farmers' Advocate supports all the Ministry goals, identifying more closely with goals #2, #4, #6 and #8.

Through the administration of the Farm Implement Act and its related regulations, Ministry goals #2 and #4 are met by working with industry and farmers to improve industry service, quality and cost of competitiveness together with increasing the diversity of industry commodities, products and services. Utmost effort is made to keep both new and old machinery working longer and more efficiently, as well as supplying information on the latest trends and practices in agriculture.

In addition, the Farmers' Advocate Office continues to fulfill goal #6 by providing input to stakeholder groups and individual farmers on issues that will improve the stewardship of natural resources for agriculture, industry and public benefit. Some of these issues involve surface disturbance and subsequent reclamation of well sites, pipelines, abandoned railways, gravel sites and roadways.

The Farmers' Advocate Office meets Ministry goal #8 having its finger on the pulse of rural Alberta. The office has a direct pipeline to producers and agricultural interest groups. We identify issues and areas of concern that come to our attention. We then liaise with and encourage staff to improve their management of Ministry resources to enable the Ministry to assist those producers and organizations who are interested in and capable of contributing to a competitive and sustainable agriculture and food industry.

Nature of the Farmers' Advocate

From the time of its inception some 20 years ago, the Farmers' Advocate has fulfilled a promise made by the provincial government to provide information on topics of interest and concern to rural Albertans, as well as a mechanism of dispute assistance and resolution. The Farmers' Advocate has the latitude and flexibility to involve itself in any issue that may affect rural Albertans. This has enabled the Advocate to provide the perspective of rural Albertans outside the government's sphere of influence.

With the role of both municipal and provincial governments changing rapidly, rural Albertans will have difficulty in finding their way through the maze. The Farmers' Advocate is able to offer assistance effectively in directing them to the appropriate agency. In disputes between individuals and local governments, these complaints are advanced to the respective bodies and information requested. If the complaint is justified, measures are taken in an attempt to find a solution to the problem. The Farmers' Advocate has maintained very good working relations with all levels of government.

The Farmers' Advocate, as mediator and facilitator, handles a wide range of agricultural and people related concerns which include surface and mineral rights, livestock, drainage, financial concerns, disputes with neighbours, trespass, machinery complaints, and concerns relating to provincial and municipal regulations and statutes.

Strategies for the Future

The Farmers' Advocate will continue to deal with diverse issues brought forward by rural Albertans. The office will provide a one-window source of information and dispute resolutions.

It is apparent that oil and gas industry activity is increasing rapidly in Alberta and the need to provide information will continue, particularly as the energy industry uses new technologies that may provide efficiencies to that industry, but not necessarily to the rural community. In addition, the office will be called upon more frequently than it has in the past to act as an appeal body in concerns with, Transportation & Utilities, Environmental Protection (Refined Hydrocarbon Impact Program) and Alberta Energy & Utilities Board (Water Well Restoration or Replacement Program) as well as being the official mediator for the Alberta Association of Municipal Districts and Counties. This office is perceived to be unbiased and there have been informal suggestions that the role of an appeal agent be expanded to include additional agencies as the expected reduction of provincial programs and services impacts rural Albertans. With the Department of Justice taking steps to increase alternative dispute resolution and mediation for civil matters, the Farmers' Advocate Office provides a cost and time effective solution. It is anticipated that the need to provide these services will increase over the next few years.

The requirements of the Farm Implement Act will change as technology and economy change. The number of rural dealers in Alberta is expected to continue to decline as consolidation of dealerships continue. The changes may be profound but as yet, are not measurable. Mainline distributors are promoting dealership conglomerates with centralized management. The Farm Implement Act is effective and accepted in the industry. The Act will continue to be monitored to assure it meets the needs of Alberta farmers.

The Farm Implement Act Administration has developed and will continue to update and expand on its present "Parts Source Manual for Obsolete or Hard to Locate Parts". This obsolete implement parts list has been distributed to all licensed dealers throughout the province and is available on the Internet. This list reduced the parts source inquiries to dealers by approximately 25 per cent or 500 calls per year but continues to be a valuable resource.

The Farmers' Advocate will consult with all farm organizations in Alberta in developing programs and policies for the benefit of agriculture when required.

This office will continue to update, develop, and release information packages to help Albertans become more self-reliant.

Financial Plan

(\$000)	1997-98 Actual	1998-99 Projection	1999-2000 Projection	2000-2001 Projection	2001-2002 Projection
Operations	426	445	483	535	535

Appendix 6: Irrigation Council

Business Plan 1999/2000 to 2001/02

Table of Contents

Irrigation Council Mission..... 96

Primary Clients 96

Authority 97

Goals, Strategies and Actions..... 97

Key Directions 99

Measurable Results 99

Financial Plan 100

Appendix 6: Irrigation Council

Business Plan 1999/2000 to 2001/02

The objectives of the Irrigation Council are to effect a sound Provincial policy with respect to irrigation districts and their infrastructure, and to act as an advisory body to the Minister of Agriculture, Food and Rural Development. Irrigation Council's mission and goals centre on maintaining a strong, efficient irrigation industry capable of sustained agricultural production within the irrigation districts.

Irrigation Council Mission

To support the effective management of irrigation districts and rehabilitation programs to achieve a sustainable irrigation industry.

All Irrigation Council Strategies and activities are centered around the Ministry's Mission

"we will enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services",

and fall under Ministry Goals #4, 5, 6 and 8.

- Goal #4 Increased Diversity of Markets and Industry Commodities, Products, and Services
- Goal #5 Increased Capability of Industry to Manage Risk
- Goal #6 Improved Environmental Stewardship
- Goal #8 Improved Management of Ministry's Resources

A reliable irrigation water supply infrastructure in the southern part of the province provides opportunity for a multitude of options for agricultural producers and processors. Thirteen irrigation districts manage a water delivery infrastructure, including 80 man-made water bodies, to deliver water to 1.28 million acres of irrigation. They provide water to 48 communities, over 5,000 rural residences, plus water for recreational and fish and wildlife habitat opportunities. Irrigation improves the quality of life, enhances the family farm and other agricultural businesses, encourages decentralized population growth and contributes 36,500 jobs to the provincial economy.

Primary Clients

The Irrigation Council's primary clients are the thirteen Irrigation Districts and their water users.

Authority

The Irrigation Council is appointed by and reports to the Minister and operates under the Irrigation Act, RSA 1980, Chapter I-11. It performs legislated functions related to the operation of Alberta's 13 irrigation districts and administers the Irrigation Rehabilitation Program according to the Irrigation Rehabilitation Financing Agreement.

Goals, Strategies and Actions

To achieve its mission, Irrigation Council has established strategies and actions that are in keeping with the defined Ministry goals.

Goal #4: Increased Diversity of Markets and Industry Commodities, Products and Services

Strategies:

- ◆ Administer the new Irrigation Districts Act, regulations and policies in an effective manner that enhances the financial and general performance of the districts.
- ◆ Support rehabilitation and maintenance of irrigation infrastructure.
- ◆ Support the optimal use of water resources within irrigation districts.

Actions:

- ◆ Assist to implement the new Irrigation District Act; review Audited Financial Statements; ensure compliance with the Irrigation Act and Irrigation Council policies and sound management practices.
- ◆ Review Irrigation Rehabilitation Program project proposals for adherence to accepted design standards and policies; accommodate multiple purpose use of water if compatible with the supply of water to irrigated lands.
- ◆ Work with department staff and irrigation districts to ensure design and construction standards and policies are current.
- ◆ Review the Condition Evaluation Reports and irrigation district maintenance Action Plans annually in accordance with the Maintenance Policy developed under the Irrigation Rehabilitation Program.
- ◆ Support the installation of water flow measuring devices and the collection of other data that results in improved water management.

Strategies:

- ♦ Encourage and support the rationalization of uneconomical irrigation district infrastructure.

Actions:

- ♦ Work with the department staff and the Western Irrigation District towards planning for a rationalized, sustainable system.

Goal #5: Increased Capability of Industry to Manage Risk**Strategies:**

- ♦ Encourage maximum irrigation district size compatible with licensed water volumes and acceptable levels of risk.

Actions:

- ♦ Review applications to expand beyond the acreage limits and approve those where the criteria supplied shows expansion does not create inappropriate risk for irrigation producers.
- ♦ Review irrigation district compliance with approved irrigation acreage limits.

Goal #6: Improved Environmental Stewardship**Strategies:**

- ♦ Encourage the long-term sustainability of irrigated land.
- ♦ Promote the protection of water quality.

Actions:

- ♦ Review irrigation district compliance with applying the Land Classification Standards to acres added to the assessment rolls.
- ♦ Review irrigation district compliance with approved Ditch Rehabilitation Plans to control seepage.
- ♦ Encourage irrigation district to educate users on minimizing or eliminating contamination and to pursue acceptable water quality in the delivery systems and return flows.

Goal #8: Improved Management of Ministry's Resources

Strategies:

- ♦ Administer the Irrigation Rehabilitation Program and its associated Recurrent Rehabilitation Policy.
- ♦ Optimize the use of Provincial financial resources allocated to irrigation infrastructure rehabilitation in the irrigation districts.

Actions:

- ♦ Review irrigation district project proposals and ensure approvals comply with the policy.
- ♦ Advocate appropriate irrigation infrastructure funding support.
- ♦ Review the formula to allocate provincial cost shared funds prior to the 2001/2002 fiscal year.

Key Directions

Council's main efforts will be to:

- 1) Provide advice to the Minister of Agriculture, Food and Rural Development on major issues such as funding requirements, irrigation expansion limits and water management.
- 2) Assist with implementation of the new Irrigation Districts Act.
- 3) Work with the irrigation districts and department staff to implement the irrigation works Maintenance Policy.
- 4) Work with department staff and the Western Irrigation District towards planning for a rationalized, sustainable system.
- 5) Administer the Irrigation Rehabilitation Program.

Measurable Results

Irrigation Council's performance will be measured by:

- 1) Irrigation districts' annual evaluation of Council's effectiveness.
- 2) Successful implementation of the Maintenance Policy resulting in irrigation districts adopting a structured approach to maintenance management.
- 3) An increase in assessed acres within the irrigation districts.
- 4) An increase in the number of sites where flow measurement devices have been installed.
- 5) An increase in the number of districts improving their water measurement network.

Financial Plan

The following table summarizes the expected expenditures within the department's budget that are directly related to Irrigation Council's activities.

(\$,000)	1997/98 Actual *	1998/99 Budget	1999/2000 Estimate	2000/2001 Projection	2001/2002 Projection
Infrastructure Funding					
Irrigation Districts	14,702	17,200	17,200	17,200	19,000
Council & Secretariat	237	248	255	259	259
Total Expenditures	14,939	17,448	17,455	17,459	19,259

- * The Irrigation Rehabilitation Program (IRP) grants are presently \$17,200,000 annually. In 1997, the funds were allocated so that \$2,498,000 was disbursed before March 31 (Fiscal 1996/97) and \$14,702,000 was disbursed after April 1 (Fiscal 1997/98).

Appendix 7: Surface Rights Board/Land Compensation Board
Business Plan 1999/2000 to 2001/02

Table of Contents

Executive Summary..... 102

Mission Statement..... 102

General Board Overview..... 102

Environmental Issues 102

Goals..... 102

Financial Plan 103

Appendix 7: Surface Rights Board/Land Compensation Board

Business Plan 1999/2000 to 2001/02

Executive Summary

The Board has been able to stabilize Surface Rights in Alberta with a minimum of appeals from their decisions. Training of Surface Rights Board members in expropriation with the Land Compensation Board continues.

Mission Statement

To maintain a quasi-judicial system for a just, economical and timely process for all parties, while upholding the integrity of the Acts (system) for the protection of landowners expropriated or affected by right of entry while ensuring the ability to extract minerals in a timely manner for the benefit of all Albertans.

General Board Overview

The Surface Rights Board (SRB) and the Land Compensation Board (LCB) are quasi-judicial compensation boards and the operations are dictated by the two Acts. There are at least eight other provincial Acts which also impact on the Boards, plus judicial precedents through the Courts. The Boards are reactive (service on demand). Therefore, the workloads are determined by outside sources. Besides compensation hearings, Board members and staff work at problem solving and providing information to the public with an eye to reducing the number of hearings required. This very worthwhile service continues to grow, as the public becomes more aware that it is available.

Environmental Issues

Due to the nature of the Boards' mandate (compensation setting), there is no impact on the environment by the operations of the Boards. All environment issues before the Boards are dealt with by the appropriate agencies.

Goals

Under the Ministry's eight goals the Land Compensation Board and Surface Rights Board have incorporated goal number eight - "Improved Management of the Ministry's Resources" - as the guide for developing the Boards' goals.

1. **To review the make-up of the Surface Rights Board/Land Compensation Board membership with the Minister.**

Board Member Requisites

- i) Acquire a good working knowledge of the Surface Rights Act and the Expropriation Act and any other Acts which impact the Boards.
 - ii) Develop a good grasp of the law covering expropriation and surface rights.
 - iii) Develop ability to write concise decisions based on the law.
 - iv) Learn how to chair quasi-judicial hearings.
- ♦ Well-trained members enable us to keep the cost of hearings to a minimum as well as producing quality decisions with consistency. As new members are being added, training will increase.

2. **To continue review of administration for cost savings.**

We will be continuing the cross-training of our staff, to achieve the ability to better allocate our staff resources. The Board is still experiencing a high workload because of oil industry activity. As well, the number of Land Compensation Board hearings have increased. Accordingly, we are unable to forecast any diminishing of our involvement in the foreseeable future.

3. **Section 39 of the Surface Rights Act.**

Currently, where oil and gas producers do not maintain their annual surface compensation payments to the surface owner, the Surface Rights Act provides for the government to make these payments. Our liability has increased in recent years to approximately \$900,000 a year, with the potential to move even higher. An amendment to the Act, which will be proposed in the 1999 spring session of the Legislature, will better enable the government to collect moneys owing for surface lease payments from defaulting energy companies.

Financial Plan

	1997-98	1998-99	1999-2000	2000-2001	2001-2002
(\$000)	Actual	Projection	Projection	Projection	Projection
Expenditures	2,051	2,173	2,172	2,172	1,742

Appendix 8: Agricultural Products Marketing Council

Business Plan 1999/2000 to 2001/02

Table of Contents

Executive Summary..... 106

Ministry Alignment 106

Future Plans 108

Financial Plan 108

Current Use of the Legislation 109

Appendix 8: Agricultural Products Marketing Council

Business Plan 1999/2000 to 2001/02

Executive Summary

Marketing Council is an integral agency of the Ministry and is in the business of assisting the producer commodity organizations who use the Marketing of Agricultural Products Act. Its roles and responsibilities are defined by statute and consist primarily of:

- ◆ advising the Minister;
- ◆ administering the legislation;
- ◆ establishing, administering, and ensuring enforcement of approved marketing regulations; and
- ◆ supervising the operations of the boards and commissions.

There are fifteen boards and commissions operating under the Act. They represent almost four billion dollars in farm cash receipts annually, or about three out of every four dollars of farm cash receipts in the province.

Council's activities facilitate producer initiatives in research, promotion and market development. A current emphasis is to broaden the focus of commodity organizations beyond regulatory control by encouraging the development of sound business practices and strategic planning.

Ministry Alignment

The Ministry's Mission "to enable the growth of a globally competitive, sustainable agriculture and food industry through essential policy, legislation, information and services" is central in Marketing Council's activities. Council also shares the vision of a Ministry of competent and valued staff working together and in partnership with others to achieve a world class industry.

Council is focused on ensuring that the necessary infrastructure exists for the commodity groups to organize their policies, programs, and services. This will enable the organizations to assist producers in their efforts to be more profitable and globally competitive in Alberta's expanding agriculture and food industry.

In support of the Ministry's goals, Marketing Council's has incorporated Goals 1, 2, 3 and 8 as a guide for the development of a number of their strategies.

Ministry Goal #1: Improved access to domestic and world marketing opportunities.

One of Marketing Council's priorities in their strategic plan is "enabling change in a regulatory environment." Strategic planning is now a part of the regular activities of most of the Boards and Commissions. Through this process more organizations are exploring emerging market opportunities.

Marketing Council will continue to promote strategic planning for Boards and Commissions. This will help them to focus on developing plans and regulations that allow access to both domestic and world markets.

Ministry Goal #2: Improved competitiveness of industry commodities, products and services.

Marketing Council through the establishment of working groups, is attempting to instill and support a culture of on-going policy, plan and regulation updating. Boards and Commissions are encouraged to address the continuous need for improving the competitiveness of their entire industries.

Council will continue to encourage consultation on regulatory and other issues between Council, boards, commissions, producers, industry and Ministry.

Ministry Goal #3: Increased amount of value added to industry commodities, products and services.

Efforts to get Boards and Commissions to see the need for growth of the value added side is showing results. Of particular note have been activities with cattle, pork, eggs, chicken and hatching eggs.

Council will continue to work with Boards and Commission to assist them in being made aware of and seek out value added opportunities.

Ministry Goal #8: Improved management of the ministry's resources.

"Effective working relations" is core to Marketing Council's strategic plan. Working groups for ongoing liaison; regular communication with the Minister, department, commodity organizations and related industries, together with the continued promotion and use of mediation and principled negotiation in resolving industry conflicts are assisting Council in improving working relations. Council will also continue to strengthen the Council team by enhancing its communication system to keep members and staff abreast of issues; and conducting an annual survey for members, staff, and implementing changes as required.

As a means of encouraging stronger relations and strategic alliances, Marketing Council has committed to participate in, or facilitate, joint industry educational initiatives. These may be in the form of programs, seminars or workshops and will be based on industry requirements and response to surveys. As a priority Marketing Council will continue its ongoing work with Director training and Board governance.

Council members and staff will continue to be encouraged to seek out training and educational programs that will add to their skills and abilities in carrying out both their Council and professional related activities as outlined in the Department's Human Resource Development Strategic Plan. All members and staff will continue to be aware of Council's role within the Department and its overall Business Plan.

Future Plans

- ♦ Council will be focused on Federal-Provincial Agreements, continuing evolution of the supply managed sector and further development of industry cooperation to enhance value added. In order to more effectively participate in meeting these challenges, Council will continue to develop closer ties with various parts of AAFRD as well as other industry partners.
- ♦ Marketing Council will be conducting a total review of their strategic plan. The goals and strategies that come out of that process will form the basis of their work for the coming years including the next round of regulatory review which commences in 2001.
- ♦ Council will continue to encourage boards and commissions to communicate more with its producers, and to continue to disseminate relevant market and trade related information to its producers and consider the ramifications of such information when requesting and considering regulatory changes.
- ♦ Council will continue to seek means of reducing the costs of delivering Council services, and carrying out its supervisory responsibilities.

Financial Plan

Council has taken steps to streamline and become more efficient, and this process will be continuing. Marketing Council, in agreement with the Boards and Commissions in Alberta, continues to have in effect a fee-for-service policy to cover the costs of a number of services that Council provides.

(\$000)	1997-98 Actual	1998-99 Projection	1999-2000 Projection	2000-2001 Projection	2001-2002 Projection
Expenditures	490	475	531	535	535

Current Use of the Legislation

There are currently sixteen producer boards and commissions established under the Marketing of Agricultural Products Act. There are also other commodity groups which are considering becoming a board or commission. Appendix I lists the various commissions and boards and outlines their primary functions.

Appendix 1:

Board or Commission	Function/Purpose
Alberta Barley	To coordinate, sponsor or co-sponsor on behalf of farmers, agronomic research, market development and promotion, information and technology transfer and policy development.
Alberta Canola Producers	To develop and implement projects and programs to increase and improve the production and marketing of canola, inform producers and advise governments on matters concerning the canola industry.
Alberta Cattle	To enhance the economic well-being of the Alberta cattle producers by lobbying government, enhancing the industry's image, promoting beef to consumers, liaising with producers and executing industry programs and services.
Alberta Chicken Producers'	To regulate the production of chickens, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Egg Producers	To stabilize the egg industry against extreme fluctuations in price, improve the monetary returns to producers, monitor the quality of eggs, improve productivity through research and encourage consumption of fresh eggs.
Alberta Hatching Egg Producers	To regulate the production of hatching eggs, to negotiate prices to be paid to producers, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Pork Producers	To provide effective promotion and regulation in all aspects of the marketing of Alberta slaughter hogs.
Potato Growers of Alberta	To establish and maintain a minimum price on all table and seed stock, excluding potatoes for processing, sold in Alberta.

Board or Commission	Function/Purpose
Alberta Pulse Growers	To provide responsible leadership in the development of a progressive, viable pulse industry in Alberta.
Alberta Sheep and Wool	To initiate, support or conduct programs that stimulate, increase and improve the economic well being of the sheep industry by developing better marketing methods, grading standards, and research and development programs.
Alberta Soft Wheat	To develop and implement projects and programs to increase and improve production, promote research and improve marketing of Alberta grown soft white spring wheat.
Alberta Sugar Beet Growers'	To negotiate prices to be paid to producers, to allot production quotas and to improve and increase the production and marketing of sugar beets.
Alberta Turkey Growers	To regulate the production of turkeys, to allot production and marketing quotas and to represent producers at national agency meetings.
Alberta Fresh Vegetable Producers	Not in operation.
Alberta Vegetable Growers'	To negotiate with the processor the prices and the terms of an annual agreement on behalf of the producers of vegetables grown for processing.
Alberta Winter Wheat	To develop and implement projects and programs to increase and improve production and marketing of Alberta-grown *winter wheat.

Appendix 9: Alberta Grain Commission

Business Plan 1999/2000 to 2001/02

Table of Contents

Mission 112

Commission Objectives 112

Primary Clients and Mandate..... 112

Background 112

Linkage to Ministry Business Plan 112

Financial Plan 118

Appendix 9: Alberta Grain Commission

Business Plan 1999/2000 to 2001/02

Mission

To ensure that policies and programs meet the needs of Alberta grain, oilseed and special crop farmers, and promote a viable market-driven farm and agri-food sector.

Commission Objectives

1. To maximize the long-term interests of farmers and thereby enhance the strengths of our people, families and communities.
2. To improve the grain industry's ability to access and respond to dynamic domestic and world market opportunities.
3. To improve the grain handling and transportation service, quality and cost competitiveness.
4. To increase the grain industry's ability to diversify and add value to the crops produced and products manufactured.

Primary Clients and Mandate

The Commission's primary mandate is to develop policy recommendations for the Minister concerning the Alberta grain industry. As well, the Commission advocates policies as set out by the Minister or as adopted by the Commission. Effective liaison is maintained with farmers, other governments, organizations and grain traders.

The Commission also gathers and publishes daily and weekly price information to aid farmers and the industry in their decision making.

Background

The Alberta Grain Commission was established in 1972 by the Alberta Minister of Agriculture, with a mandate to review any and all matters pertaining to the grains and oilseeds sectors and make recommendations and conduct appropriate activities that promote the on-going growth and development of the grains industry. The AGC is comprised of six farmers from various parts of the province and three representatives from the Ministry of Agriculture, Food and Rural Development.

Linkage to Ministry Business Plan

The Alberta Grain Commission's 1999/00 to 2001/02 business plan is linked to the Ministry's Business Plan as follows:

Ministry Goal #1: Improved Access to Domestic and World Market Opportunities

Key Result #1-1	
Dual Marketing System for Wheat & Barley, as requested by Alberta producers	
Measure	<i>Changes in CWB policy and legislation, to allow more marketing choice.</i>
Target	An increase in the number of CWB pricing or delivery options, providing more market choice.
Strategies	Advocate for an increase in pricing and delivery options through the CWB, as outlined by the Grain Marketing Review Panel
Actions	<ul style="list-style-type: none"> ◆ Develop practical examples of the desired options, to increase awareness and understanding in the farm community (e.g. flexible pooling, more wheat pooling, spot or forward contracts) ◆ Publish prices (or provide Internet links) to increase awareness and understanding of market arbitrage. ◆ Work with marketing specialists and industry to encourage farmers to have the marketing skills to operate in a dual environment. ◆ Work with industry partners to lobby the CWB board of directors for desired change in pricing and delivery options.
Measure	<i>The number of Alberta producers supporting dual marketing for wheat & barley in 1999/2000.</i>
Target	Seventy per cent of Alberta producers will support a wheat dual market; seventy-five per cent will support a barley dual market.
Strategies	Advocate for the right of grain producers to sell their products where they see fit.
Actions	<ul style="list-style-type: none"> ◆ Lay the groundwork for a possible Alberta producer survey in 1999/2000. ◆ Advocate for a possible prairie-wide plebiscite. ◆ Work with industry partners to lobby the CWB board of directors for a dual market by 2003. ◆ Monitor and assess the operational and legal implications of new CWB board structure in terms of accountability to farms.

Key Result #1-2	
Reductions in Barriers Which Limit Access to Grain Markets	
Measure	<i>Fewer barriers limiting access to export grain markets</i>
Target	One less export barrier.
Strategies	Advocate for reduced export barriers by working with the Department and industry.
Actions	<ul style="list-style-type: none"> ♦ Participate in the Alberta Agri-industry Trade Group to ensure grain farmers' needs are addressed. ♦ Monitor potential barriers such as the US Food Quality Protection Act and make recommendations as needed. ♦ Examine the options of no cost buy-backs for feed or ungraded wheat or barley in North America and make recommendations for action. ♦ Advocate for improved market access for organic cereal exports, as desired by the industry. ♦ Participate in Canada Grains Council and other organizations to advocate for an acceptable international biotechnology protocol. ♦ Monitor malt barley contracting program and make recommendations as needed.
Measure	<i>Improved ability of the value-added sector to purchase grain directly from producers</i>
Target	Direct purchasing from farmers by the value-adding sector.
Strategies	Increase the awareness and understanding of value-adding market outlets and value chain linkages.
Actions	<ul style="list-style-type: none"> ♦ Assess the industry's need for a directory of value-adding market outlets (e.g. milling, fuel, other domestic processing and means to access), and respond as indicated. ♦ Advocate for improved access to the value-adding sector.

Ministry Goal #2: Improved Competitiveness of Industry Commodities, Products & Services

Key Result #2-1 More Effective Grain Handling & Transportation System	
Measure	<i>Improved basis levels and CWB deductions</i>
Target	A reduction of 5 per cent in basis levels and CWB deductions
Strategies	Increase awareness and understanding of handling and transportation costs.
Actions	<ul style="list-style-type: none"> ◆ Develop and publish (including on the Internet), basis quotes and explanatory material for use by marketing clubs and individuals. ◆ Advocate for implementation of the Estey recommendations that address Alberta producer concerns, as identified in the 1998 focus groups. ◆ Monitor the impact of Estey recommendations and CTA decisions on grain handling and transportation costs. ◆ Monitor impact of elevator rationalization on basis levels. ◆ Increase the gathering of prices from high through-put facilities.
Measure	<i>Changes in CGC policy & legislation to improve competitiveness</i>
Target	<ul style="list-style-type: none"> ◆ A reduction in the number of classes and grades of grain. ◆ The number of specialty crop dealers participating in a new competitive licensing and security system.
Strategies	<ul style="list-style-type: none"> ◆ Increase awareness and understanding of the benefits/costs due to the numbers of classes and grades of grain. ◆ Advocate for a new licensing and security system for special crop dealers.
Actions	<ul style="list-style-type: none"> ◆ Advocate for fewer classes and grades of grain to improve system efficiency and reduce costs. ◆ Monitor the progress of Bill C-26 (SCRIP).

Ministry Goal #4 Increased Diversity of Markets and Industry Commodities, Products and Services

Key Result #4-1	
Value-adding as a sustainable market alternative for Alberta grain farmers	
Measure	<i>The market share of domestic vs. imported grain or products</i>
Target	Increased use of Alberta feed peas vs. American soymeal.
Strategies	Advocate for competitive intelligence research into the replacement of soymeal with feed peas.
Actions	<ul style="list-style-type: none"> ♦ Semi-annual check of buyers of feed peas while gathering other feedgrain prices. ♦ Develop a soymeal benchmark price, compared to feed peas and investigate publishing the benchmark price along with feed peas. ♦ Support efforts of the industry to develop the domestic feed pea market.
Measure	<i>The ratio of tonnes of domestic grain sales vs. tonnes of exported grain</i>
Target	Increased use of grains in the domestic market.
Strategies	Advocate for the value-added sector to purchase grain directly from producers.
Actions	<ul style="list-style-type: none"> ♦ Determine benchmark of domestic vs. export tonnes. ♦ Work with other branches and industry to develop a directory of domestic grain buying processors, to foster value chain linkages.

Ministry Goal #5: Increased Capability of Industry to Manage Risk

Key Result #5-1	
Effective Private/Public Risk Management Tools Available to Farmers	
Measure	<i>Usage of AGC price information</i>
Target	An increase in the number of Internet site hits, number of calls to voice messaging and number of media stations faxed and reporting the information.
Strategies	Increase awareness and understanding of market prices.
Actions	<ul style="list-style-type: none"> ♦ Work with marketing specialists, industry and media to increase awareness of availability of price information and its potential use. ♦ Make price information more responsive to user needs by making it more interactive via email and voice messaging.
Measure	<i>Industry's ability to manage risk from wildlife damage</i>
Target	Less wildlife damage and less need for compensation from wildlife damage.
Strategies	Advocate for development of an effective wildlife damage program.
Actions	<ul style="list-style-type: none"> ♦ Work with government agencies to ensure grain farmers views and needs are represented.
Measure	<i>Access to contracts and tools that help farmers manage price risk</i>
Target	Greater access as measured by the risk management survey.
Strategies	Advocate for CWB, WCE and industry contracts that help manage price risk.
Actions	<ul style="list-style-type: none"> ♦ Investigate identify preserved and value based pricing contracts. ♦ Investigate transition means for producers to manage risk for milling quality wheat. ♦ Based on the risk management survey, assess need for policies, programs or advocacy. ♦ Work with Central Program Support to foster usage of the risk management directory. ♦ Advocate for legislation as one means to ensure security of payments for special crops.

Ministry Goal #6: Improved Environmental Stewardship

Key Result #6-1 Responsible and Sustainable Environmental Policies, Practices and Regulations.	
Measure	<i>Impact of Kyoto agreement and biodiversity legislation on grain agriculture</i>
Strategies	Advocate for policies which are good for the environment without increasing costs or decreasing revenue to the farmer.
Actions	Monitor industry and department information to identify issues and respond as needed.

Financial Plan

	1997/98 Actual	1998/99 Forecast	1999/00 Estimate	2000/01 Projection	2001/02 Projection
Expenditure	219	228	231	233	233

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